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8 February 1982

# East Europe Report

## ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2229

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FARM, FOOD INDUSTRY TRADE WITH DEVELOPING COUNTRIES

Prague REVUE OBCHODU/PRUMYSLU/HOSPODARSTVI in Czech No 11, Nov 81 pp 59-63

[Article by Eng Vladimir Jenicek, candidate for doctor of science, Research Institute for Agricultural and Food Economics, Prague: "Czechoslovak Foreign Trade in Agricultural and Food Products With Developing Countries"]

[Text] The directive on Economic and Social Development in the CSSR for 1976-1980, Chapter IX, had already charged the foreign trade sector to intensify efforts for expansion of economic and technological relations with developing countries, to utilize more intensively varied forms of long-term cooperation aimed at the development of the production strength of these countries and at securing the CSSR's needs in fuels, raw materials and products. These requirements are directly related to the essential condition of dynamic growth of the national economy, i.e., the deepening of the active participation of the Czechoslovak economy in the international division of labor. The question of providing for the CSSR's needs in raw materials and certain kinds of foods by proper utilization of the monopoly of foreign trade and increased flexibility and readiness when specific transactions are negotiated, continues to be of the first order.

The Main Guidelines for Economic and Social Development of the CSSR for the years 1981-1985 in the area of foreign economic relations have therefore specified the following requirements:

--regard the accelerated strengthening of an effective export capability of the Czechoslovak economy as the basic task and ensure this priority task at all management levels of the national economy;

--consonantly, but to a greater degree than hitherto, react effectively to the situation in the world markets, improve the export structure, technical level and quality of Czechoslovak products and exports;

--in the export structure, increase the share of the processing industry products with a higher degree of revaluation of quality work;

--in relations with the developing countries, continue to expand general cooperation following the development of the production forces of these countries, and to strive for development of such forms of cooperation that facilitate their mutual attainment of higher gains from the international division of labor;

--continue to participate actively in solving important economic problems in the framework of international organizations.

Foreign Trade With Individual Developing Countries

The foreign trade of the CSSR with developing countries, or groups of developing countries, has so far been subject to the deepening political and economic differentiation within the developing sphere to a considerable degree. The CSSR has been legally expanding its economicopolitical relations with those developing countries having national economies developing toward noncapitalistic forms and with the developing countries that regardless of the form and trends of economic development have shown continued interest in trade relations of economic development have shown continued interest in trade relations with the CSSR. From these viewpoints, and according to the value of trade transactions of Czechoslovak foreign trade, the trade partners of the CSSR from the area of the developing countries can roughly be divided into the following groups:

In the first group of developing countries with a politically and relatively economically progressive character, we can rank Syria, Libya, India, Iraq, Algeria, Afghanistan, Ethiopia, Cyprus, Yemen, Angola and Mozambique. The tables that follow list both the more important and the less important trade partners of the CSSR from the developing countries ranked according to the value of their trade transactions in 1979. The level of the turnover is naturally not the only indicator of importance and future prospects of Czechoslovak foreign trade with these countries. The transactions of Czechoslovak foreign trade with most of the countries listed, the young in particular, showed rapid growth dynamics in the 1960-1979 period:

Syria--turnover rose from Kcs 81 million in 1960 to Kcs 721 million in 1979. In 1979, it ranked second among the developing countries in trade with the CSSR.

Libya--turnover increased in the period considered from Kcs 6 million to 601 million. In 1979, measured by trade transactions, it ranked fifth.

India--Czechoslovak trade relations with this country are traditional, and the growth dynamics in the 1960-1979 period were therefore lesser. The turnover rose from Kcs 227 million to 599 million and India ranked sixth in Czechoslovak foreign trade in 1979.

Iraq--one of the young countries intensively developing trade relations with the CSSR. During the period considered the turnover with this country rose from Kcs 69 million to 592 million. In 1979 Iraq ranked seventh.

Algeria--Czechoslovak foreign trade with this country increased rapidly from a low base in 1960 (about Kcs 2 million) to Kcs 173 million. In 1979, Algeria ranked 13th of the Czechoslovak trade partners among the developing countries.

Afghanistan--the youngest developing country freeing itself consistently from the influences of neocolonialism and developing cooperation and trade relations with the socialist countries. The turnover of Czechoslovak foreign trade rose here from Kcs 33 million to 134 million and in 1974 (sic) Afghanistan thus ranked 17th among Czechoslovak trade partners from the developing countries.

Ethiopia--began to develop trade relations with the CSSR shortly after the end of WW II and recently, under the progressive government in this country, these relations are being intensified. Czechoslovak foreign trade rose from Kcs 20 million in 1960 to Kcs 81 million in 1979.

Cyprus--Czechoslovak foreign trade with this country showed rapid growth dynamics in the 1960-1979 period despite its relatively low value and rose from Kcs 9 million to 78 million.

Democratic Republic of Yemen--began developing foreign trade relations with the CSSR only in recent years. Nevertheless, relatively good results have been achieved and Czechoslovak foreign trade with this country increased from Kcs 24 million in 1976 to Kcs 44 million in 1979.

Angola and Mozambique are not listed as foreign trade partners of the CSSR in the accessible statistical data; however, these two former Portuguese colonies which after their independence chose a progressive trend of development will in the future undoubtedly figure more prominently in this trade.

From the countries listed, the following had relatively important ranking in Czechoslovak foreign trade with agricultural and food products: Syria (with a 100 percent share in Czechoslovak imports), India (with a 51.7 percent share in Czechoslovak imports), Algeria (with a 42.2 percent share in Czechoslovak imports), Afghanistan (with an 88.3 percent share in Czechoslovak imports) and Yemen (with a 38 percent share in Czechoslovak exports).

In the second group, we can rank developing countries which, despite their purely capitalistic form of economy, follow the anti-imperialistic course and thus are natural partners for the CSSR. Although the lines of separation between the following groups are not particularly clear, one can roughly rank the countries listed below in this group:

Iran--where the turnover of Czechoslovak foreign trade rose from Kcs 104 million in 1960 to Kcs 922 million in 1977, but in the next 2 years dropped to Kcs 317 million. According to turnover, Iran ranked ninth in Czechoslovak foreign trade with developing countries in 1979.

Lebanon--where the turnover rose in the period considered from Kcs 48 million to 278 million. By turnover level, in 1979 Lebanon ranked 10th in Czechoslovak foreign trade with developing countries.

Indonesia--in 1979 the turnover reached about Kcs 212 million and Indonesia ranked 12th.

Peru--The trade with this country has always been strongly influenced by the possibilities of fish flour exports which were greatly restricted in the years of catch prohibition. Nevertheless, the turnover in the 1960-1979 period showed high growth dynamics; it rose from Kcs 7 million to 155 million. In 1979, Peru ranked 14th among Czechoslovak partners in the developing share.

Mexico--has long maintained traditional trade relations with the CSSR. The turnover for the period considered rose from Kcs 21 million to 116 million and Mexico ranked 19th.

Venezuela--the turnover increased from Kcs 16 million in 1960 to Kcs 109 million in 1979 and by its level of trade Venezuela occupies 20th place.

Nigeria--the turnover with this country showed considerable fluctuation in the 1960-1979 period, mainly because of Czechoslovak import opportunities. It attained the maximum in 1978, i.e., Kcs 147 million compared to Kcs 37 million in 1960. In 1979 it declined to Kcs 90 million and Nigeria dropped to 23d place among Czechoslovak trade partners.

Tunisia--in the period considered the turnover rose from Kcs 18 million to 84 million. In 1979, Tunisia ranked 24th among Czechoslovak trade partners from the developing countries.

The less important trade partners of the CSSR in this group include: Bangladesh, Botswana, Sri Lanka, Zambia and Kenya.

The third group of developing countries, trade partners of the CSSR, is the largest and is characterized by heterogeneous politicoeconomic characters. In this group, we have ranked the countries that are the most important trade partners of the CSSR, including also those countries whose importance in Czechoslovak foreign trade considerably declined as a result of political changes. It comprises:

Brazil, which in 1978 and 1979 became the largest trade partner of the CSSR from the developing sphere. The turnover rose from Kcs 259 million in 1960 to Kcs 969 million in 1977 and in the next 2 years declined to Kcs 907 million and 848 million, respectively.

Egypt, which in 1976 still belonged to the first group of progressive developing countries and in the years 1960-1977 was the most important and, by turnover, the largest Czechoslovak partner among the developing countries. In 1977, turnover with Egypt reached Kcs 1,213,000,000 compared to Kcs 307 million in 1960. After the political change in this country, in the next 2 years turnover dropped to Kcs 680 million and Kcs 721 million, respectively, with the result that in 1979 Egypt dropped to third place among the trade partners of the CSSR, following Brazil and Syria.

Turkey--has maintained trade relations with the CSSR for a number of years. They declined in the period 1965-1975 and subsequently, up to 1979, they again showed a rising trend. In 1975, turnover declined to as low as Kcs 103 million compared to Kcs 210 million in 1960, and in the next years it again rose to as high as Kcs 647 million. In 1979, Turkey moved to fourth place among the Czechoslovak partners from the developing sphere.

Argentina--development was analogous to the relations with Turkey. Turnover in the 1960's was declining, from Kcs 182 million to 95 million, and in the subsequent period rising to Kcs 364 million. In 1979, Argentina ranked eighth among the Czechoslovak partners from the developing countries.

Malaysia--trade with this country showed many and considerable fluctuations, caused by economicopolitical factors and Czechoslovak purchasing opportunities. The lowest turnover was noted in 1976, i.e., Kcs 29 million compared to Kcs 243 million in 1960. In 1979, turnover amounted to Kcs 238 million and Malaysia moved to 11th place among Czechoslovak trade partners from the developing countries.

Morocco--the level of trade with this country also fluctuated, but in 1979 it recorded the maximum, i.e., Kcs 149 million compared to Kcs 38 million in 1960. Morocco thus moved to 15th place among the important partners from the developing sphere.

Saudi Arabia--turnover with this country reached its maximum in 1979, i.e., Kcs 147 million compared to Kcs 14 million in 1960. In the course of the period considered, the turnover fluctuated considerably in dependence on the realized exports of Czechoslovak sugar. In 1979, Saudi Arabia moved to 16th place among the Czechoslovak partners from the developing countries.

Ecuador--in the 1960-1979 period, trade developed at a fast pace, i.e., from Kcs 7 million to 118 million. In 1979, Ecuador ranked 18th among Czechoslovak partners from the developing sphere.

Among the less important Czechoslovak trade partners from the developing countries with a turnover above Kcs 50 million, in 1979 we can list: Thailand (Kcs 82 million), Pakistan (Kcs 75 million), Burma (Kcs 74 million), Sudan (Kcs 74 million), Uruguay (Kcs 65 million), United Arab Emirates (Kcs 65 million) and Ivory Coast (Kcs 61 million).

To complement the general view of the development of the territorial structure of Czechoslovak foreign trade with the developing countries in the 1960's and 1970's, we present the most important and less important buyers and suppliers in the tables, showing the computed balances for the individual years of the period 1960-1979. In general, we may state that the importance and the ranking of the various countries in Czechoslovak foreign trade varied impressively during this period. These changes were foremost the direct result of the political and economic development in a number of developing countries, whether progressive in character (Syria, Iraq, Algeria and Afghanistan, for instance) or instituting an antisocialist course (Egypt, Chile).

With regard to purchasing and supplying potential of the various groups of developing countries is relatively heterogeneous from the viewpoint of the possibilities and needs of Czechoslovak foreign trade. The countries of the Near East that are also relatively important suppliers of cotton, tobacco and southern fruits, are at present among the most important importers of Czechoslovak products from the developing countries.

The developing countries of the Near East, especially the countries with a progressive trend of development (Syria and Iraq) are important importers of Czechoslovak products even in a longer perspective, with a wide latitude for further expansion of the volume and value of Czechoslovak exports. This has also been reflected in the current development of the territorial structure

which points out the main trends of Czechoslovak foreign trade--especially the export of ZPoK [Agricultural-Food Industry Complex] products--in territories with favorable economicopolitical climate.

The African developing countries figure in Czechoslovak foreign trade predominantly as suppliers of noncompetitive produce and mineral raw materials.

Changes in the territorial structure of Czechoslovak foreign trade in the 1960-1979 period also appeared in the trade with developing African countries. As two contrasting examples, we can cite on the one hand, beside the less important partners of the CSSR (Ghana, Guinea and Mali, for instance), Egypt in particular; it declined considerably in its importance as a buyer while as a supplier, mainly of cotton and rice, it roughly followed the existing trend. While the worsened economicopolitical conditions for mutual trade are known, they do not explain sufficiently the substantial decrease of the volume and value of Czechoslovak exports to this country. On the other hand, we can use as an example a successful development of cooperation and trade relations with Libya and Algeria, i.e., with countries showing progressive political and economic trends and, primarily as purchasers of Czechoslovak products, acquiring more and more important standing in Czechoslovak foreign trade.

Expansion of trade relations, especially of the volume of Czechoslovak exports, to Tunisia and Morocco may be anticipated.

Among the developing countries of the Far East, India, Afghanistan, Burma, Pakistan, Malaysia and Indonesia are the more important Czechoslovak trade partners.

Despite the more complicated shipping, the above Far Eastern developing countries remain prospective buyers and suppliers with a broad latitude for expansion of Czechoslovak foreign trade. India and Afghanistan in particular have favorable economicopolitical conditions for growing exchange of goods. To these countries we can also add Bangladesh and other just-listed countries which have continued interest in trade relations with the CSSR.

Some Latin American countries have a somewhat different position in Czechoslovak foreign trade. Among these, the following are particularly important:

Brazil as the traditional supplier of coffee, iron ore and, in recent years, fodder in particular, and furthermore Argentina, Peru, Venezuela, Mexico, Ecuador and Bolivia.

We view the Latin American countries listed as having a different standing in Czechoslovak foreign trade because, without an exception, it is a group of developing countries with a purely capitalistic political and economic character and thus with antisocialist trends and to a great extent under the strong influence of American monopolies. Nevertheless, in recent years, except for Venezuela and Mexico, some of them have been very important suppliers of foodstuffs, specialty foods and raw materials. Here again it should be stated that with the growing volume and value of imports from these countries, Czechoslovak exports--including exports of Czechoslovak food products--should be able to find greater opportunities in the current, generally well-established markets and in new markets as well.

Table 1. More Important CSSR Trade Partners Among the Developing Countries--Turnover*) in Millions of Foreign-Exchange Kcs According to the Status in 1979.

| Rank Order | Country | 1960 | 1965 | 1970 | 1975 | 1979 |
|---|---|---|---|---|---|---|
| 1. | Brazil | 259 | 150 | 167 | 526 | 848 |
| 2. | Syria | 81 | 61 | 221 | 388 | 721 |
| 3. | Egypt | 307 | 424 | 833 | 986 | 664 |
| 4. | Turkey | 210 | 146 | 164 | 103 | 647 |
| 5. | Libya | 6 | 24 | 40 | 490 | 601 |
| 6. | India | 227 | 594 | 532 | 668 | 599 |
| 7. | Iraq | 69 | 73 | 233 | 622 | 592 |
| 8. | Argentina | 182 | 96 | 95 | 140 | 364 |
| 9. | Iran | 104 | 100 | 195 | 432 | 317 |
| 10. | Lebanon | 48 | 129 | 137 | 247 | 278 |
| 11. | Malaysia | 243 | 74 | 108 | 135 | 238 |
| 12. | Indonesia | 95 | 151 | 18 | 76 | 212 |
| 13. | Algeria | 2 | 43 | 41 | 111 | 173 |
| 14. | Peru | 7 | 27 | 144 | 150 | 155 |
| 15. | Morocco | 38 | 59 | 72 | 190 | 149 |
| 16. | Saudi Arabia | 14 | 24 | 15 | 70 | 147 |
| 17. | Afghanistan | 33 | 26 | 14 | 36 | 134 |
| 18. | Ecuador | 7 | 10 | 33 | 65 | 118 |
| 19. | Mexico | 21 | 30 | 32 | 68 | 116 |
| 20. | Venezuela | 16 | 29 | 45 | 100 | 109 |
| 21. | Colombia | 29 | 24 | 34 | 34 | 104 |
| 22. | Bolivia | 5 | 7 | 13 | 59 | 102 |
| 23. | Nigeria | 37 | 73 | 55 | 81 | 90 |
| 24. | Tunisia | 18 | 30 | 20 | 104 | 84 |

*According to Council of Economic Aid classification; since 1966 according to SITC [Standard International Trade Classification].

Source: Data on Czechoslovak Foreign Trade, Foreign Trade Research Institute.

Table 2. Less Important CSSR Trade Partners Among the Developing Countries--Turnover*) in Millions of Foreign-Exchange Kcs According to the Status in 1979

| Rank Order | Country | 1960 | 1965 | 1970 | 1975 | 1979 |
|---|---|---|---|---|---|---|
| 1. | Thailand | 32 | 35 | 39 | 30 | 82 |
| 2. | Ethiopia | 20 | 35 | 29 | 22 | 81 |
| 3. | Cyprus | 9 | 29 | 24 | 35 | 78 |
| 4. | Pakistan | 53 | 34 | 172 | 51 | 75 |
| 5. | Burma | 24 | 54 | 36 | 40 | 74 |
| 6. | Sudan | 47 | 55 | 52 | 49 | 74 |
| 7. | Uruguay | 15 | 20 | 70 | 45 | 65 |
| 8. | United Arab Emirates | -- | -- | -- | -- | 65 |
| 9. | Ivory Coast | -- | -- | -- | -- | 61 |
| 10. | Bangladesh | -- | -- | -- | 36 | 60 |
| 11. | Kuwait | -- | 17 | 15 | 47 | 49 |
| 12. | Singapore | -- | -- | 19 | 38 | 47 |
| 13. | Yemen | -- | -- | -- | -- | 44 |
| 14. | Jordan | 8 | 17 | 11 | 34 | 44 |
| 15. | Honduras | -- | -- | -- | -- | 40 |
| 16. | Philippines | -- | -- | -- | -- | 36 |
| 17. | Costa Rica | -- | -- | -- | -- | 33 |
| 18. | Zaire | -- | -- | -- | 2 | 31 |
| 19. | Liberia | -- | -- | -- | -- | 31 |
| 20. | Botswana | -- | -- | -- | -- | 29 |
| 21. | Sri Lanka | 32 | 47 | 36 | 31 | 27 |
| 22. | Zambia | -- | 42 | 10 | 24 | 22 |
| 23. | Kenya | -- | 16 | 19 | 28 | 18 |
| 24. | Guinea | 52 | 41 | 23 | 9 | 17 |

*) According to Council of Economic Aid Classication; since 1966 according to SITC

Source: Data on Czechoslovak Foreign Trade, Foreign Trade Research Institute

Table 3. Most Important CSSR Buyers Among the Developing Countries--Balance* in Millions of Foreign-Exchange Kcs According to the Status in 1979

| Rank Order | Country | | 1960 | 1965 | 1970 | 1975 | 1979 |
|---|---|---|---|---|---|---|---|
| 1. | Syria | D | 52 | 22 | 30 | 81 | 57 |
| | | V | 29 | 39 | 191 | 307 | 663 |
| | | B | +23 | +17 | +161 | +226 | +606 |
| 2. | Libya | D | 1 | 0 | - | - | - |
| | | V | 5 | 24 | 40 | 490 | 601 |
| | | B | +4 | +24 | +40 | +490 | +601 |
| 3. | Iraq | D | 15 | 4 | 4 | 92 | 27 |
| | | V | 54 | 69 | 229 | 530 | 565 |
| | | B | +39 | +65 | +225 | +438 | +538 |
| 4. | Turkey | D | 116 | 83 | 85 | 25 | 278 |
| | | V | 94 | 63 | 79 | 78 | 369 |
| | | B | -22 | -20 | -6 | +53 | +91 |
| 5. | India | D | 37 | 250 | 262 | 331 | 309 |
| | | V | 140 | 344 | 270 | 337 | 290 |
| | | B | 53 | +94 | +8 | +22 | -19 |
| 6. | Iran | D | 54 | 55 | 66 | 138 | 27 |
| | | V | 50 | 45 | 129 | 294 | 290 |
| | | B | -4 | -10 | +63 | 156 | +263 |
| 7. | Lebanon | D | 11 | 46 | 41 | 66 | 43 |
| | | V | 37 | 83 | 96 | 181 | 235 |
| | | B | +26 | +37 | +55 | +115 | +192 |
| 8. | Egypt | D | 162 | 208 | 279 | 556 | 432 |
| | | V | 145 | 226 | 554 | 430 | 222 |
| | | B | -17 | +18 | +275 | -126 | -210 |
| 9. | Algeria | D | 0 | 16 | 17 | 66 | 21 |
| | | V | 2 | 27 | 24 | 45 | 152 |
| | | B | +2 | +11 | +7 | -21 | +131 |
| 10. | Argentina | D | 103 | 69 | 62 | 87 | 257 |
| | | V | 79 | 27 | 33 | 53 | 107 |
| | | B | -24 | -42 | -29 | -34 | -150 |
| 11. | Afghanistan | D | 14 | 15 | 6 | 13 | 35 |
| | | V | 19 | 11 | 8 | 23 | 99 |
| | | B | +5 | -4 | +2 | +10 | +64 |
| 12. | Brazil | D | 122 | 99 | 106 | 346 | 752 |
| | | V | 137 | 51 | 61 | 180 | 96 |
| | | B | +15 | -48 | -45 | -166 | -656 |

D = Import
V = Export
B = Balance

*) According to Council of Economic Aid Classification; since 1966 according to SITC

Source: Data on Czechoslovak Foreign Trade, Foreign Trade Research Institute

Table 4. Less Important CSSR Buyers Among the Developing Countries Balance* in Millions of Foreign-Exchange Kcs According to the Status in 1979

| Rank Order | Country | | 1960 | 1965 | 1970 | 1975 | 1979 |
|---|---|---|---|---|---|---|---|
| 1. | Venezuela | D | 1 | 5 | 9 | 8 | 21 |
| | | V | 15 | 34 | 36 | 92 | 88 |
| | | B | +14 | +19 | +27 | +84 | +67 |
| 2. | Mexico | D | 5 | 11 | 5 | 13 | 36 |
| | | V | 16 | 19 | 27 | 55 | 80 |
| | | B | +11 | +8 | +22 | +8 | +44 |
| 3. | Burma | D | 2 | 18 | - | - | 7 |
| | | V | 22 | 36 | 36 | 40 | 67 |
| | | B | +20 | +18 | +36 | +38 | +60 |
| 4. | Pakistan | D | 32 | 16 | 27 | 7 | 9 |
| | | V | 21 | 18 | 145 | 44 | 66 |
| | | B | -11 | +2 | +118 | +37 | +57 |
| 5. | Tunisia | D | 8 | 15 | 10 | 81 | 19 |
| | | V | 10 | 15 | 10 | 23 | 65 |
| | | B | +2 | 0 | 0 | -58 | +46 |
| 6. | Saudi Arabia | D | - | - | - | - | - |
| | | V | - | - | - | - | 65 |
| | | B | - | - | - | - | +65 |

D=Import
V=Export
B=Balance

*) According to Council of Economic Aid Classification; since 1966 according to SITC

Source: Data on Czechoslovak Foreign Trade, Foreign Trade Research Institute

Table 5. Most Important CSSR Suppliers Among the Developing Countries-Balance* in Millions of Foreign-Exchange Kcs According to the Status in 1979

| Rank Order | Country | | 1960 | 1965 | 1970 | 1975 | 1979 |
|---|---|---|---|---|---|---|---|
| 1. | Brazil | D | 122 | 99 | 106 | 346 | 752 |
| | | V | 137 | 51 | 61 | 180 | 96 |
| | | B | +15 | -48 | -45 | -156 | -656 |
| 2. | Egypt | D | 162 | 208 | 279 | 556 | 432 |
| | | V | 145 | 226 | 554 | 430 | 222 |
| | | B | -17 | +18 | +275 | -126 | -210 |
| 3. | India | D | 87 | 250 | 262 | 331 | 309 |
| | | V | 140 | 344 | 270 | 337 | 290 |
| | | B | +53 | +96 | +8 | +22 | -19 |
| 4. | Turkey | D | 116 | 83 | 85 | 25 | 278 |
| | | V | 94 | 63 | 79 | 78 | 369 |
| | | B | -22 | -20 | - 6 | -53 | +91 |
| 5. | Argentina | D | 103 | 69 | 62 | 87 | 257 |
| | | V | 79 | 27 | 33 | 53 | 107 |
| | | B | -24 | -42 | -29 | -34 | -150 |
| 6. | Malaysia | D | 206 | 64 | 104 | 132 | 229 |
| | | V | 37 | 10 | 4 | 3 | 9 |
| | | B | -169 | -54 | -100 | -129 | -220 |
| 7. | Indonesia | D | 43 | 47 | 12 | 62 | 195 |
| | | V | 52 | 104 | 6 | 14 | 17 |
| | | B | +9 | +57 | -6 | -48 | -178 |
| 8. | Peru | D | - | 26 | 135 | 114 | 138 |
| | | V | 7 | 11 | 9 | 36 | 17 |
| | | B | +7 | -15 | -126 | -78 | -121 |
| 9. | Morocco | D | 20 | 33 | 52 | 124 | 88 |
| | | V | 18 | 26 | 20 | 66 | 61 |
| | | B | -2 | -7 | -32 | -58 | -27 |
| 10. | Ecuador | D | 3 | 6 | 28 | 52 | 81 |
| | | V | 4 | 4 | 5 | 13 | 37 |
| | | B | +1 | -2 | -23 | -39 | -44 |
| 11. | Bolivia | D | - | - | 4 | 34 | 71 |
| | | V | 5 | 7 | 9 | 25 | 31 |
| | | B | +5 | +7 | +5 | -9 | -40 |
| 12. | Colombia | D | 15 | 11 | 19 | 18 | 70 |
| | | V | 14 | 13 | 15 | 16 | 34 |
| | | B | -1 | +2 | -4 | -2 | -36 |

D = Import
V = Export
B = Balance

*) According to Council of Economic Aid Classification; since 1966 according to SITC

Source: Data on Czechoslovak Foreign Trade, Foreign Trade Research Institute

Table 6. Less Important CSSR Suppliers Among the Developing Countries--Balance* in Millions of Foreign-Exchange Kcs According to the Status in 1979

| Rank Order | Country | | 1960 | 1965 | 1970 | 1975 | 1979 |
|---|---|---|---|---|---|---|---|
| 1. | Syria | D | 52 | 22 | 30 | 81 | 57 |
| | | V | 29 | 39 | 191 | 307 | 663 |
| | | B | -23 | +17 | +161 | +226 | +606 |
| 2. | Ivory Coast | D | - | - | - | - | 55 |
| | | V | - | - | - | - | 7 |
| | | B | - | - | - | - | -48 |
| 3. | Uruguay | D | 5 | 26 | 57 | 36 | 46 |
| | | V | 10 | 3 | 13 | 7 | 19 |
| | | B | +5 | -23 | -44 | -31 | -27 |
| 4. | Lebanon | D | 11 | 46 | 41 | 66 | 43 |
| | | V | 37 | 83 | 96 | 181 | 235 |
| | | B | +26 | +37 | +55 | +115 | 27 |
| 5. | Iraq | D | 15 | 4 | 4 | 92 | 27 |
| | | V | 54 | 69 | 229 | 530 | 565 |
| | | B | +39 | +65 | +225 | +438 | +538 |
| 6. | Iran | D | 54 | 55 | 66 | 138 | 27 |
| | | V | 50 | 45 | 129 | 294 | 290 |
| | | B | -4 | -10 | +63 | +156 | +263 |

D = Import
V = Export
B = Balance

*) According to Council of Economic Aid Classification; since 1966 according to SITC

Source: Data on Czechoslovak Foreign Trade, Foreign Trade Research Institute

Table 7. Structural Changes in the Territorial Composition of the CSSR Foreign Trade With Developing Countries Czechoslovak Exports in Millions of Foreign-Exchange Kcs*)

| Rank Order | 1960 Country | Value of Export | Rank Order | 1970 Country | Value of Export | Rank Order | 1979 Country | Value of Export |
|---|---|---|---|---|---|---|---|---|
| 1 | Egypt | 145 | 1 | Egypt | 554 | 1 | Syria | 663 |
| 2 | India | 140 | 2 | India | 270 | 2 | Libya | 601 |
| 3 | Brazil | 137 | 3 | Iraq | 229 | 3 | Iraq | 565 |
| 4 | Turkey | 94 | 4 | Syria | 191 | 4 | Turkey | 369 |
| 5 | Argentina | 79 | 5 | Pakistan | 145 | 5 | India | 290 |
| 6 | Iraq | 54 | 6 | Iran | 129 | 6 | Iran | 290 |
| 7 | Iran | 50 | 7 | Lebanon | 96 | 7 | Lebanon | 235 |
| 8 | Lebanon | 37 | 8 | Turkey | 79 | 8 | Egypt | 222 |
| 9 | Syria | 29 | 9 | Brazil | 61 | 9 | Algeria | 152 |
| 10 | Burma | 22 | 10 | Libya | 40 | 10 | Argentina | 107 |
| 11 | Pakistan | 21 | 11 | Venezuela | 36 | 11 | Afghanistan | 99 |
| 12 | Afghanistan | 19 | 12 | Burma | 36 | 12 | Brazil | 96 |
| 13 | Mexico | 16 | 13 | Argentina | 33 | 13 | Venezuela | 88 |
| 14 | Venezuela | 15 | 14 | Mexico | 27 | 14 | Mexico | 80 |
| 15 | Tunisia | 10 | 15 | Algeria | 24 | 15 | Burma | 67 |
| 16 | Libya | 5 | 16 | Tunisia | 10 | 16 | Pakistan | 66 |
| 17 | Algeria | 2 | 17 | Afghanistan | 8 | 17 | Tunisia | 65 |
| 18 | Saudi Arabia | -- | 18 | Saudi Arabia | -- | 18 | Saudi Arabia | 65 |

*) According to Council of Economic Aid Classification; since 1966 according to SITC

Source: Data on Czechoslovak Foreign Trade, Foreign Trade Research Institute

Table 8. Structural Changes in the Territorial Composition of the CSSR Foreign Trade With Developing Countries Czechoslovak Imports in Millions of Foreign-Exchange Kcs*)

| 1960 | | | 1970 | | | 1979 | | |
|---|---|---|---|---|---|---|---|---|
| Rank Order | Country | Value of Export | Rank Order | Country | Value of Export | Rank Order | Country | Value of Export |
| 1 | Malaysia | 206 | 1 | Egypt | 279 | 1 | Brazil | 752 |
| 2 | Egypt | 162 | 2 | India | 262 | 2 | Egypt | 432 |
| 3 | Brazil | 122 | 3 | Peru | 135 | 3 | India | 309 |
| 4 | Turkey | 116 | 4 | Brazil | 106 | 4 | Turkey | 278 |
| 5 | Argentina | 103 | 5 | Malaysia | 104 | 5 | Argentina | 257 |
| 6 | India | 87 | 6 | Turkey | 85 | 6 | Malaysia | 229 |
| 7 | Iran | 54 | 7 | Iran | 66 | 7 | Indonesia | 195 |
| 8 | Syria | 52 | 8 | Argentina | 62 | 8 | Peru | 138 |
| 9 | Indonesia | 43 | 9 | Uruguay | 57 | 9 | Morocco | 88 |
| 10 | Morocco | 20 | 10 | Morocco | 52 | 10 | Ecuador | 81 |
| 11 | Colombia | 15 | 11 | Lebanon | 41 | 11 | Bolivia | 71 |
| 12 | Iraq | 15 | 12 | Syria | 30 | 12 | Colombia | 70 |
| 13 | Lebanon | 11 | 13 | Ecuador | 28 | 13 | Syria | 57 |
| 14 | Uruguay | 5 | 14 | Colombia | 19 | 14 | Ivory Coast | 55 |
| 15 | Ecuador | 3 | 15 | Indonesia | 12 | 15 | Uruguay | 46 |
| 16 | Peru | -- | 16 | Bolivia | 4 | 16 | Lebanon | 43 |
| 17 | Bolivia | -- | 17 | Iraq | 4 | 17 | Iraq | 27 |
| 18 | Ivory Coast | -- | 18 | Ivory Coast | -- | 18 | Iran | 27 |

*) According to Council of Economic Aid Classification; since 1966 according to SITC

Source: Data on Czechoslovak Foreign Trade, Foreign Trade Research Institute

9562
CSO: 2400/100

## BRIEFS

CSSR TRAINING VIETNAMESE--In 1967, about 2,100 Vietnamese boys arrived in the CSSR for on-the-job training at industrial plants. In April 1974 another agreement was signed between the CSSR and SRV to avail professional training to 5,000 Vietnamese youths of both sexes, 17-25 years old. After arriving in the CSSR, the Vietnamese undergo 3 months of Czech language instructions. After completing their 2-3 year apprenticeship, final examinations take place. The tens of Vietnamese who excelled in their final examinations continued taking evening courses for workers; the best ones have continued their studies at Czechoslovak technical colleges. [Prague SVOBODNE SLOVO in Czech 22 Jan 82 p 3]

CSO: 2400/119

# DIVERGENT APPROACHES TO SOCIOECONOMIC 'GLOBAL PROBLEMS' ANALYZED

East Berlin IPW-BERICHTE in German Vol 10 No 11, Nov 81 pp 33-39, 52

['Analyses--Problems' feature article by Alfred Boenisch, IPW-BERICHTE editorial board: "Global Problems From the Perspective of the Conflict Between Systems and Comparison of Systems: Class Limits of Bourgeois 'Comparative Economics'--Technical Progress in Capitalism Accompanied by Social Regression--Socialism's Superiority Over Imperialism"]

[Text] In taking issue with the bourgeois comparative economics, which uses many elements from various bourgeois theories for system comparisons and assessments, the author deals with global problems expressing objective contradictions and developmental trends and having to do, mainly, with such matters as the imperialist arms race, the deterioriating conditions for utilizing capital due to the raw material, energy and environmental crisis, with new tendencies in the international division of labor and with international economic relations. From those perspectives he offers a comparison of systems with respect to scientific-technical progress, and he explores the differences in economic growth and the relationship between society and environment in socialism and in imperialism.

Global problems have recently often been made a subject of comparison as between socialism and imperialism. The socialist states realize that these problems show many interactions and interdependencies, express objective contradictions and developmental tendencies, and mainly have to do with the following facts:
--the endangerment of mankind due to the arms race caused by the most reactionary forces in the imperialist countries;
--the deteriorating conditions for the use of monopoly capital, e.g., through the raw material, energy and environmental crisis;
--the qualitatively new tendencies, opposed to the imperialist claims to supremacy, in the international division of labor and in international economic relations; and
--the development and extension of system-specific advantages in the socialist social order in these areas and the growing influence of socialism on developments in the world.

## The System-specific Superiority of the Socialist Social Order

Safeguarding peace is the overriding global problem because avoiding a third world war is prerequisite to continued social progress, to using the results of scientific-technical progress for eliminating dangerous burdens on the environment, to making optimum use of natural resources, creating modern industry in the young national states, and realizing all other common objectives.

The relevance and nature of the global problems can however also be demonstrated by many other manifestations. Between 1900 and 1977, e.g., world energy consumption rose twelvefold; by the end of the century it may well increase once more by two or three times as much as what it presently is. In the last 25 to 30 years, the world consumed as much raw material as in all previous history. Ensuring energy and raw material supplies thus has become a problem which by no means is only an economic one. In the distribution of scarce resources there exist many interstate conflicts, brought on by imperialism, today mainly in the developing countries, which to "regulate" imperialism uses or theatens to use military means, where it can still do so.

An analysis of global problems from the perspective of a systems comparison implies a fundamental critique of bourgeois economic theories on it. So-called comparative economics falsifies the nature of such problems, is clearly anti-socialist in character and aims at discrediting socialism's typical advantages in comparison with imperialism.

Mainly the leading role of the workers class, the scientific leadership of society by the Marxist-Leninist party, the public ownership in the means of production and the socialist planned economy, the creative initiative of the working people and socialist democracy are the causes and conditions for the superiority of socialism. They ensure in practice dynamic economic development for the good of the people,[1] which has become particularly clear in the 1970's in contrast to the development in capitalist countries. The decisive source for this growth is the increasing efficiency of social labor, mainly through scientific-technical progress and the deepening of cooperation within the framework of socialist economic integration. The CEMA countries have become the most dynamic and economically strongest economic region in the world.

At the 10th SED Congress, Erich Honecker affirmed: "Under party leadership, the advantages of socialism have been translated into practical politics in accordance with the new conditions and requirements. We have increasingly realized the possibilities of our socialist planned economy to use scientific-technical progress for the good of the people and mobilize the energies of the working people for that great task. That bears witness to the scientific policy of our party which is based on the objective economic laws of socialism and uses them effectively under the conditions in our country."[2]

Without our socialist planned economy and the management of all our social development by the Marxist-Leninist working class party, such a development would have been impossible. The leadership activity of the Marxist-Leninist party is no alien element in the economy, as bourgeois economists claim, but the most important force in making social progress prevail. It is that social force which makes possible

a successful development and use of all advantages of the socialist planned economy, and it expresses the qualitatively new role of the subjective factor in socialism, the conscious control over social and economic processes.

Capitalism, on the other hand, knows no direct connection between economic and social progress. Permanent social insecurity exists in that system, based on the profit economy, as a consequence, for example, of the capitalist methods for raising labor productivity, that lead to the elimination of jobs and to unemployment. Socialism replaces inhuman labor motivations with creativity and initiative.

These facts are a starting point and basis for aggressively taking issue with all forms of bourgeois comparative economics, which greatly ignores that social stability in socialism, the lack of exploitation and unemployment, is something the working people in the imperialist countries rate highly. Precisely the social measures in the socialist countries was what forced the monopoly bourgeoisie, while put under pressure by the workers class in the capitalist countries, into reforms, e.g., setting up a social welfare and insurance system.

What Are Global Problems?

Global problems are marked by being of concern not only to some but to many or all nations, constituting a complicated web of socioeconomic, political-ideological, cultural and biosocial phenomena, the solution of which can in principle not be postponed and call for joint steps by several or almost all states, even by those that differ in their social orders. A joint approach is possible of course only within the scope and on the basis of worldwide detente in interstate relations. A complex approach, interdisciplinary methods of study and management, and the application of mathematics models are indispensable for it. The Marxist approach to global problems takes into account the particulars in world development on all levels, in the economy as in science and culture.

Some bourgeois economists often define the global problems as "crisis problems of mankind." Others present them more in relation to capitalism. In taking issue with such conceptions, several aspects must be kept in mind:

First: Mankind must urgently solve existing worldwide problems, yet there is no crisis of mankind. This frequently cited crisis is mainly a crisis in the capitalist system, symptomatic of the general crisis of capitalism.[3] The problems under discussion here largely stem from the contradictions in imperialism, the policy of the multinational corporations, and the military-industrial complex. They are not homogeneous but most of the time stem from the contradiction between imperialist production relations and the demands made on the productive forces.

Second: In their social substance global problems are class problems that have to be coped with in the sense of historic progress. The bourgeois side negates, denies or distorts that aspect. It denies that successes in the revolutionary world process are of benefit to solving global problems. Yet just as the safeguarding of peace, so is the elimination of exploitation and of social and national suppression ultimately indispensably prerequisite to coping with global problems.

Third: The socialist states pay great attention to the inevitabilities of social progress as well as to the global problems. Even back at the 25th CPSU Congress, L. I. Brezhnev asserted: "Already such global problems are sufficiently important and relevant as the raw material or energy problem, the uprooting of the most dangerous and most widely spread illnesses and environmental protection, the exploration of space and the use of ocean resources. They are likely to exercise an increasingly larger influence on the life of all nations and the whole system of international relations."[4]

Fourth: In their cause and effect most global problems reflect the increasing internationalization of the wage labor - capital opposition. Proceeding from the internationalization of the productive forces and within the scope of his analysis of imperialism, V. I. Lenin explored important basic issues of the global problems. He has shown that the expansion in the social division of labor leads to ever wider specialization and cooperation and to an increasing internationalization of production.[3]

Fifth: Imperialist forces had to realize that the global problems in raw material and energy supply, the environment, and food and health could be solved only through developing international cooperation, including states with the two different social systems.

Limits of Bourgeois Understanding

When bourgeois economists turn to global problems they exhibit a tendency of looking at the world as an international system. But the way they approach an understanding and solution of the world problems leaves much still unclear, to be sure. That is revealed, right away, by the fact that bourgeois economists to this day when they talk about world economic order normally refer to the system in the capitalist part of the world economy. Yet one cannot regard the world economy of today simply as one unified entity because it is composed of two qualitatively different and antagonistic systems. The disparity is explained by the differences in the production relations, the political and legal structures, and other factors. In spite of all that the world economy also is a specific organism in being a system of international ties, relations and dependencies. This is a dialectic which bourgoies economics is at a loss to understand.

The question about the causes for global problems having arisen in the world is also presented and handled very differently by bourgeois economics. The scarcity problems plays an important role in this. Reducing relative scarcities, in the bourgeois view, has always been the aim of economic management, in socialism as well as in capitalism. Yet under diverse production relations scarcity means something different entirely. In capitalism, e.g., in periods of cyclical surplus production there is no shortage of goods, but a surplus, yet there is a shortage in the purchasing power of the working people.

A serious problem today, finally, lies in that the profit and competition interests caused by capitalist monopoly become especially pronounced when resources become scarce. They then flow together with those programs that the imperialist strategists establish for the use of military force to maintain and expand their sphere of influence in the world.

Bourgeois economists like Abram Bergson, Arthur Burns and Richard Musgrave, who made system comparisons in the early 1960's, declared at that time that the economic world was no longer turning around London and New York because many states were approaching economic independence and in Eastern Europe a "new type" of economy had developed with its own economic principles. Therefore bourgeois economics was of limited analytical value, and the question arose whether it was possible to create some "general economics" applicable in all countries.[6]

Such statements at that time permitted the inference that the development of a comparative bourgeois economics amounted to an admission--late though it was--that bourgeois economics had long ceased to exist on its own and that it had to pay attention to the development of socialist economics. Furthermore it must be pointed out that bourgeois surveys in that comparison of systems mainly serve to establish a complex anticommunist strategy and propaganda. There--as well as in the treatment of global problems--the focal consideration is which system has the better bases and instruments for coping with the global problems.

The fact that the capitalist economy has become much more crisis-ridden since the early 1970's has been an occasion for most bourgeois economists for still more eagerly providing the "evidence" that imperialism has better prerequisites for solving global problems than socialism. They usually then make a great deal about market efficiency. Some bourgeois theoreticians even claim that central planning as based on public property fails to work in global problems, while they yet ask more and more for complex planning on a capitalist property base. Most world problems make apparent that such arguments are not tenable.

Imperialism and Its Constantly Deteriorating Conditions

Even a comparison between the early 1970's and early 1980's reveals how unfavorably imperialism has developed and the great divergencies in the economic and social and overall societal tendencies between socialism and imperialism.[7] Of the once optimistic prognoses in the bourgeois economic assessments at that time nothing is found any longer. They have been replaced with pessimism and hopelessness since many crisis characteristics of capitalism were extremely intensified in the 1970's and there is no prospect that the situation will improve. The upsurge of socialism has in turn helped weaken imperialism's internal and external power positions. And these are by no means just short-term tendencies but long-range changes, changes in imperialism's conditions for existence marked by the restraint on its raw material and energy monopoly, political instability, and the sharpening of opposition among the imperialist countries. This has a negative influence on the overall functional and control mechanisms, on capital accumulation as well as the competitive relations.

Under such circumstances it is not astonishing that many people in the capitalist countries increasingly come to recognize the vacuity of the attacks against the socialist economic and social system and find the theory of the crisis in the socialist economy refuted by reality. "Socialism opposes the capitalist society with its sharp social contradictions, its unemployment and inflation, crises and recessions, and its increasing arms race, by the social, political and ideological unity of society, the care for working men, the advantages of the socialist economic system, the planned economy and the policy of taming the arms race."[8] And this does not remain without an effect in the ideological struggle between the two systems.

For the basic theoretical issues in world problems as well as for designing models for them, aspects of economic theory are of extraordinary importance. In this, bourgeois comparative economics uses for its comparative analyses and assessments many elements from a variety of bourgeois theories, e.g. from growth and employment theory, from income and distribution theory, and from market and planning theory.

Even so, bourgeois comparative economics, under the influence of the divergent development of socialism and imperialism, has in recent years developed into a relatively independent research field.[9] A basic role there is given to the question how divergent socioeconomic orders are determined and what the criteria are that make them different. FRG economist H. Leipold, e.g., observed: "Relative to the question about the constitutive order criterion for an economic system, two main answers are given. Either one rates as constitutive order criteria the ways and means of the distribution of planning competencies, made concrete in the order of the planning or management system, or that of the means of production, made concrete in the order of the property relations."[10]

In this formulation, typical of many bourgeois economists' current approach to basic problems in social theory and to their systems comparison, property issues and the managerial forms determined by them are placed on the same plain and misconstrued in their reciprocal interconnection. Other statements about the bourgeois "systems comparison" make the anticommunist ignorance still more evident. Leipold, e.g., who in the mid-1970's still thought the developmental state of the bourgeois theory on comparative economic systems was unsatisfactory, calls Marxist economic theory an unsuitable frame of reference for a theory on economic systems. This he explains by reference to "methodological deficiencies" and the "normative element" which allegedly would seduce one to "bring about perfect systems and conditions."[11]

The truth is, however, that Marxist theory is the only one that makes possible a scientific comparison between the opposing economic systems altogether. By using it, e.g., Leipold's assumption can clearly be refuted that raw material scarcity and environmental pollution are "system-indifferent."[12] Moreover, it was precisely Marx who made scientific comparisons between the different modes of production, and we mainly "owe it to his research," as Engels once put it, "to know what we know about pre-bourgeois theoretical economics."[13]

## Scientific-technical Progress and Systems Comparison

In the 1950's and 1960's many bourgeois scientists announced that scientific-technical progress was making headway worldwide and that by means of it a long-range stabilization of the capitalist system was possible. Reality, however, has shown that state monopoly capitalism has not managed to surmount existing contradictions but has led to their further intensification, to strengthening the multinational corporations, the destruction of jobs, structural crises and economic disproportions. In imperialism, science, largely because of its system-conditioned military utilization, works as a destructive force. These processes contribute to changes in the social structure and the sharpening of social antagonisms.

The differences in the systems become most visible in the use or non-use of labor, and in the use of technology for the benefit or the detriment of men. Particularly under this aspect the bourgeois thesis of the antihuman character of technology proves itself nothing but a distorted reflection of the negative sides in the capitalist utilization of technology, because establishing the social preferences for scientific-technical progress can be made either for the benefit of higher profits or for better satisfying social needs.

A "humanization of technology" is possible only through a humanization of society in the outcome of the transition of political power into the hands of the immediate producers of the material, cultural and intellectual values. That can also be seen by that armaments are of course not as such pushed ahead by technology but by the most aggressive sector of monopoly capital. For Marx, technology always was an important yardstick for the developmental level of the productive forces. But he did not regard it as omnipotent and never derived any negative consequences resulting from its application from technology as such.

Bourgeois and social democratic economic theoreticians seek to conceive of scientific-technical progress in a complex and biased manner to use it on behalf of system stabilization. In this they slight the fact that scientific-technical progress under state monopoly conditions exacerbates existing contradictions and in many ways is directed against the people. There too, to be sure, the reproduction of labor is becoming increasingly more socialized in character, but personality development is and remains obstructed.

Even Marx pointed out that with the development of large-scale industry the creation of wealth would depend less on the quantum of labor invested and more "on the strength of the agencies set in motion during labor."[14] The strength of these "agencies" (effective means) depends on the degree to which science is applied in production and reflects that degree.

There are two transformation processes that the capitalist mode of production brings about:
--the change of the role and position of labor in the production process and
--the technical transformation of the tools of labor.

Though the transformation of the tools of labor marked the centerpiece of the industrial revolution, the change of the role of labor is no less important. The industrial worker differs from the peasant and craftsman not only in his social position and his relationship with the means of production but also in terms of his position in the production process. He no longer uses a tool but a machine, which makes higher demands on his education and training than does manual work.

While he understood capitalism's economic opportunities to thwart scientific-technical progress, Lenin did not draw the conclusion that that opportunity would in fact become general reality. Putrefaction in imperialism does in fact by no means rule out a rapid growth of capitalism: "Some industrial branches, some bourgeois strata and some countries show more or less strongly now one and now another one of these tendencies in the era of imperialism. By and large capitalism is growing much faster than before, yet this growth not only becomes generally much more uneven, but this unevenness expresses itself also, particularly, in the putrefaction of the most strongly capitalist countries."[15]

All-round scientific-technical development is, however, not possible in capitalism mainly because the exploiter society blocks the development of labor, i.e. the chief productive force, and prevents the full unfolding of the creative capabilities of the workers class.

It is significant that bourgeois economics does not distinguish between the reproduction of labor as a commodity and the reproduction of the worker as a personality. It disguises the fundamental differences precisely in this respect between socialism and capitalism, which are not being eliminated by that in recent decades many state monopoly measures have been taken to mitigate the contradiction between the commodity character of labor and the capitalist productive forces.

The effects of scientific-technical progress on the development of social relations express themselves in many different ways. It leads, e.g., to structural changes in industry, which affects the workers class directly. Such changes frequently break down the local confines of social mobility, traditional occupational profiles, educational institutions and so forth. Such processes must be directed according to plans to confine the negative effects such as, particularly, the so-called structural unemployment having become a mass phenomenon at present in capitalist countries. Controlling scientific-technical progress as part of the control within the scope of society at large thus becomes the central problem. Yet, as reality shows, this is impossible for capitalism to cope with despite all governmental regulations.

Differences in Economic Growth

Roughly between 1950 and 1970 the imperialist countries had their so-called golden years of economic growth. Then industrial production had nearly tripled and grew by an average of 5.3 percent annually. Never before had capitalism gained such high industrial growth rates over such a long period. To be sure, they were much lower than in the socialist countries, as made clear by our table.

Growth Rate of Industrial Production, 1950 = 100

| | 1955 | 1960 | 1965 | 1970 | 1975 | 1951/75 in percent* |
|---|---|---|---|---|---|---|
| World Total | 147 | 206 | 285 | 388 | 492 | 6.6 |
| Socialist Countries | 191 | 354 | 501 | 723 | 811 | 10.0 |
| Other Countries | 135 | 167 | 227 | 298 | 336 | 5.0 |
| Capitalist Industrial Countries | 132 | 162 | 218 | 284 | 312 | 4.6 |
| Developing Countries | 156 | 234 | 329 | 459 | 640 | 7.7 |

*Average Growth Rate Between 1951 and 1975. Source: "USSR in Figures in 1975," Moscow, 1976, p 50.

In the CPSU Central Committee report to the 26th party congress Leonid I. Brezhnev pointed out that between 1971 and 1980 the Soviet Union had advanced in all sectors producing the material-technical base of communism. "The productive forces of Soviet society have attained a qualitatively new level. The scientific-technical revolution develops in depth and breadth and changes the character of many

production processes and entire branches. The country's economic capacity reliably ensures further progress toward communist construction."[16]

The GNP of the USSR rose by 67 percent between 1970 and 1980, the national income used for consumption and accumulation, by 55 percent. In the main imperialist countries, on the other hand, developments were marked by the heaviest surplus production crisis after World War II and high inflation and unemployment rates.

The inability of bourgeois economics to explain, precisely, the especially explosive phenomenon of unemployment has made it come forth with the most grotesque excuses which at once underscore how apologetic in character that science is. There is one FRG author who claims: "The longer massive unemployment lasts, the more intensively economics is dealing with the labor market, and the more numerous and glittering the attempts at explaining it become. Theoretically absorbing the phenomenon of unemployment, however, up to now suffers from the fact that both problem dimensions of unemployment, i.e. the level and the structural problem, are dealt with in different departments of economic theory."[17]

Such a ludicrous attempt at explaining the meager success with an analysis of unemployment by bourgeois economics is even regarded as superfluous by other theoreticians. Harald Gerfin, e.g., blithely observes that the bourgeois labor market theory is not yet (!) in the position to provide precise and indispensable diagnostic methods for a concrete unemployment situation.[18] But by and large bourgeois economists and politicians settle for adducing those causes for unemployment, out of a broad palette of causes, that seem most suitable for any given moment. The ones most frequently referred to are:

1. The measures taken by the developing countries in raising raw material and energy prices since 1973;
2. Too high a conservation rate and insufficient investment activity, which produce an overall social demand bottleneck that cannot be closed;
3. Economic and world economic structural changes;
4. Excessive wages or wage demands by the trade unions; and
5. Errors in governmental economic policy.

The FRG mostly gives as the main cause inadequate investment activity due to high wages. However, unemployment, both as a cyclical and a structural problem, is in principle, first and foremost, an inevitable consequence of the capitalist accumulation process. There is some sense to the bourgeois thesis that investments preserve and create jobs in the expanded reproduction of capital, yet capital accumulation never primarily aims at preserving or creating jobs. Entrepreneurs accumulate and modernize production to get higher profits and prevail in their competition. That is why contemporary capitalism, despite state monopoly measures, can no longer compensate for the massive release of labor even in a boom period. Because investments are largley used for rationalization, the release effect is stronger than the compensatory effect.

Still at the beginning of the 1970's, in the first report to the Club of Rome, it was proposed to reduce economic growth to stave off a global crisis.[19] Since the mid-1970's, however, bourgeois and even social democratic forces have increasing opposed making too much of the threatening exhaustion of the raw material, energy and food resources.[20] Catchphrases like "strengthening capitalist enterprise spirit" and "intensification of scientific-technical progress" came to the

fore. There is already a partial realization in this connection that the real limits of growth are not material but social in kind. The Leontief Report says, e.g.: "The main obstacles to permanent economic growth and accelerated development are not material in kind but political, social and institutional."[21]

The development of industrial production in the last 25 years in the industrially developed capitalist countries neglected the accumulation in the raw material and energy sector while relying on the transfer of national wealth in raw materials and energy from the developing countries. Such theft of foreign property has run into increasing difficulties and barriers since the early 1970's. Monopoly capital therefore has to raise the volume and rate of accumulation, which in turn is possible only through an increasing surplus rate, e.g., through labor saving rationalization and through relative constraints on the working people's consumption capacity, by means of inflation, for instance.

The basic problem thus is how far the production relations, the forms of the productive forces in motion, can surmount the barriers that block the productive forces in their further development. Can they not do it, then the production relations become fetters that have to be broken. That applies to imperialism in principle. And that is precisely what is being disguised within the scope of comparative bourgeois economics.

The Relation Between Society and Environment

The international aspects and difficulties in shaping the relation between society and the environment have turned the latter in recent years into a subject matter that has been given preferential treatment by bourgeois comparative economics. Important causes have been the tremendous deterioration of the natural environment in many capitalist countries and the need to develop a governmental environmental policy. The United States, with a population amounting to circa 6 percent of world population, causes, for example, 40 percent of biosphere pollution.

Bourgeois economics has formulated in recent decades numerous environmental economic problems and sought to create theoretical principles for governmental environmental policy which are also used in the issue taken between the systems. In this it has always been eager to hide the system-conditioned causes of the capitalist environmental crisis and to give substance to the allegation that environmental problems could best be solved within the scope of the capitalist social order. Many bourgeois theoreticians claim that both the capitalist and the socialist economic systems are essentially anti-nature. They ignore the fact that the environmental crisis was caused by capitalist production relations.

For years bourgeois economists have explained environmental damage as the consequence of "external effects" and explained them in turn from defects in the market mechanism in capitalism, and from planning errors in socialism. Thus they do not show up as the consequence of the objective inevitabilities and contradictions of the capitalist mode of production. By such a makeshift design of external effects, the environmental problems in socialism are placed on the same footing as those in the capitalist system while the basic causative and essential differences are being ignored.

In reality the socialist production relations form the basis for producing a new relationship, in principle, between society and nature and for conscious management of social and natural processes. This does not mean that the contradiction between nature and society could at once be resolved. Socialist states have their environmental problems too, which serve bourgeois economics as "evidence" for its ahistoric thesis on the opposition between nature and society in all industrial states.

Socialism, however, as one knows, did not take over nature untouched. The legacy of capitalism was in many respects an anti-ecologically oriented productive force system. The creation of a new system that conforms to ecological requirements requires the transformation of many linear production processes into production circuits. That can only be done gradually because, first, one has to lay the premises for it and, secondly, it calls for great expenditures. Yet that does not change the fact that it will be possible only on the basis of public ownership in the means of production and of political working class power to arrive at a reorientation of productive forces development in conformity with ecological requirements.

A qualitative intensification of the general crisis in capitalism took place in the 1970's. Both the political and the economic situation became more unstable in most imperialist states. It has made still more evident the inability of capitalism to confine, let alone solve, the increasing problems for humanity. Through their course aimed at confrontation and arms buildup and against detente and cooperation, the most aggressive circles of imperialism are undermining the possibility of international cooperation. The safety of the future turns arms limitation and disarmament and international cooperation into an urgent precept.

FOOTNOTES


1. U. Moeller and G. Schilling, "Unfolding the Advantages of the Socialist Economic System under Party Leadership--Persuasive Response to Antisocialist Attacks," WIRTSCHAFTSWISSENSCHAFT, Berlin, No 12, 1980, pp 1409-1423.

2. Erich Honecker, "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den X. Parteitag der SED" (SED Central Committee Report to the 10th SED Congress), Berlin, 1981, p 33.

3. H. Paucke and A. Bauer, "Umweltprobleme, Herausforderung der Menschheit" (Environmental Problems--Challenge to Humanity), Berlin, 1979, p 8.

4. L. I. Brezhnev, "25th CPSU Congress--Status Report of the CPSU Central Committee and the Next Party Tasks in Domestic and Foreign Policy," Berlin, 1976, p 69.

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9. F. Levcik, ed., "International Economics--Comparisons and Interdependences" (Wiener Institut fuer Internationale Wirtschaftsvergleiche), Vol 9, Vienna-New York, 1978.

10. H. Leipold, "Wirtschafts- und Gesellschaftssysteme im Vergleich" (Economic and Social Systems Compared), Stuttgart, 1976, p 20.

11. Ibid., p 4.

12. Ibid., p 27.

13. F. Engels, "Anti Duehring," Marx/Engels, "Werke," Vol 20, Berlin, 1962, p 140.

14. K. Marx, "Principles of the Critique of Political Economy," Berlin, 1953, p 592.

15. V. I. Lenin, "Werke," Vol 22, Berlin, 1960, pp 305 f.

16. L. I. Brezhnev, "26th CPSU Congress--Status Report of the CPSU Central Committee and the Next Party Tasks in Domestic and Foreign Policy," Berlin, 1981, p 45.

17. H. Pfriem, "Labor Market Analysis in Alternative Labor Market Theories," WIRTSCHAFTSDIENST, Hamburg, No 2, 1979, p 95.

18. H. Gerfin, "More Recent Developments and Perspectives in Labor Market Theory," ZEITSCHRIFT FUER DIE GESAMTE STAATSWISSENSCHAFT, Tuebingen, No 4, 1978, p 410.

19. E. Rechtziegler, "Limits of Growth or Crisis of Imperialism?" IPW-BERICHTE, No 8, 1972, pp 16 ff.

20. O. K. Flechtheim, "Chances and Limits of Future Research," "Analysen und Prognosen," West Berlin No 44, 1976, p 3; A. Peccei, "Die Qualitaet des Menschen" (Quality of Man), Stuttgart, 1977.

21. In that report, commissioned by the UN and written under the editorship of W. W. Leontief (U.S.A.), a global world economic model is developed. It includes 15 world regions (three of which embrace the socialist countries). Proceeding from the global problems, measures for changing international economic relations are proposed that are aimed at relieving the relationship between the capitalist industrial countries and the developing countries of its cutting edge. The measures proposed largely remain outside the socio-political context, however. Cf. W. W. Leontief, "Zukunft der Weltwirtschaft" (The Future of the World Economy), Stuttgart, 1977, p 40.

5885
CSO: 2300/112

## PLANNING INSTITUTE DIRECTOR SPEAKS ON ECONOMIC REFORM

Warsaw KURIER POLSKI in Polish 17 Nov 81 p3

[Interview with Prof Dr Jan Mujzel, director of the Planning Institute and deputy chairman of Group III of the Commission on Economic Reform, by Andrzej Dryszel]

[Text] Several weeks still remain to popularize the reform. We are counting the days impatiently. Nonetheless, we must prepare ourselves, because alongside the positive phenomena and those sensed positively it will also bring about changes which can come as a shock for a substantial proportion of the society.

It is these very problems which we are discussing in our interview with Prof Dr Habilitowany Jan Mujzel, director of the Planning Institute and deputy chairman of Group III of the Commission on Economic Reform.

[Question] Professor, the society is awaiting the reform like sugarcane waits for rain. We are counting on it to fill the shop shelves, to get rid of the lines, and to put the economy on its feet. But, after all, particularly when it first begins to operate, difficulties will also come up.

[Answer] Unfortunately, there are going to be a lot of them. And there is just no way around it. First, the reform is disseminating the illusion that we are in a position to earn the amounts we are today. This is fiction extended by the crisis and then by the wage demands. Now a time of truth has to come. The new system can operate only in a world of credible, realistic prices and credible, realistic incomes.

[Question] Which simply means that there will be a great price hike?

[Answer] That is it. A rise in prices related to compensation, but not 100-percent compensation, not to cover everything and not for

everyone. Of course, this must be a variant negotiated with the unions, one which the society will not reject, but this issue is poorly understood. After all, a rise plus partial compensation is not aimed at reducing consumption, because consumption has already declined. The price reform will eliminate the false notion that we can buy as much as the amount of money in our possession permits.

Second, quite arbitrarily, the economic reform is forcing us all to greater effort. All today's "make believe" work will be wiped out by the mechanisms of the reform, especially by the hard regulations of self-financing. This will come as a shock to many people.

Third, there will be sources of great wage spreads, which are also dimly viewed by society sometimes, but the reform will restrict this process by a progressive tax of the Western-European type, perhaps like in the FRG or the Netherlands.

Fourth, hard economic criteria will increase in personnel decisions and sometimes perhaps play a predominating role in them. On the other hand, pseudopolitical, moral, and benevolent aspects will come to be of lesser importance. Many people see this to be a dehumanizing of the system, but what a person can do and what the effects of his work are will start to count first of all in evaluations.

[Question] Are we in danger of facing "the wolfish laws of capitalism"?

[Answer] In today's developed capitalism such "wolfish laws" are to a great extent a thing of the past. Churchill was once asked why, even in his youth, he had never been inclined towards socialism but right away was a conservative. He answered that he had always preferred an unequal distribution of riches to an equal distribution of poverty. Now in Poland we have some sort of strange paternalistic system, often based on favoritism of the "after all, he is a good comrade" type or "he is a good colleague," and so on. All this is beginning to disappear.

[Question] And you think people will be satisfied with this?

[Answer] It is possible that many people will say: "I prefer to live poorer but at ease, without effort or worry." The reform will make it very difficult to be able to live without putting out any effort. On the other hand, I think that the working forces themselves will be concerned about those among them who have poorer opportunities and cannot work as effectively as others. I am convinced that humanitarian and moral considerations will not disappear entirely in a self-governing economy.

Alongside proponents of "the easy life," on the other hand, the overwhelming majority is fed up with the present mess and wants to work conscientiously. For them the reform is a great opportunity.

Our previous system, which was so compromised by economic ineffectiveness, sometimes made conformism more profitable than honest intensive work. Now many people are uncertain about their existential fate, and have no sense of stability. We have to fight for it. This is the price paid for effectiveness.

[Question] Do we also face the threat of unemployment?

[Answer] The reform will reveal employment excesses, but I do not think that there will be a massive furloughing of people. The enterprises run by self-governments will not take that route. After all, worker solidarity is strong, and I do not believe, for example, that the working forces will throw 200 people out into the streets to increase their earnings by 5 percent. Nonetheless, part of the people in administration, in the pseudoscientific institutes (because it turns out suddenly that there is nobody to finance their activity), and probably some from the sphere of culture will have to go. Painful problems can arise for many people. I think that the government will be able to ease them, paying for efforts, making undertakings done on one's own easier, or organizing free courses to prepare people looking for vocations.

[Question] Hence, the prospects are not too happy. To cite Churchill again, it looks as though what awaits us is not easy success, but blood, sweat, and tears. When finally will we notice the positive effects of the reform?

[Answer] I think that by next year. If 1982 brings the introduction of its basic components, then there will be a gradual disappearance of the empty shelves in the shops, the lines, the black market, human instability, and complexes about those who have real money. Our money will be less, because prices will rise, but it will be real money, not symbolic money.

[Question] You said "if." What obstacles might there be?

[Answer] There are many problems stirred up by controversies, in the area of the financial economy of the enterprises (a law is being prepared on this subject).

The disputes between the government and Solidarity concern basic issues, such as the socialization of planning, which after all is closely related to the way central economic decisions are made and safeguards against arbitrary moves by the authorities. For example, it was against this backdrop that the issue of a second house of parliament and a Social Council on the National Economy came up. It is necessary to think through, agree on, and finally determine when central planning can give up the forms of decree and distribution. In the first year of the reform, it will not be possible to avoid this entirely. On the other hand, after all, decrees and distribution indices are mortal threats to independence, self-governance, and the self-financing of enterprises.

Nevertheless, the political condition is the most important to the success of the reform. Without social understanding and an entry onto the road of honest cooperation, the economic reform does not have a chance. Of course, it is a question of choosing whether we want to win the political match against the opponent or save the economy. If the time which has passed since August had been a period of solidifying the lines of agreements, I would be far calmer about the fate of the reform.

[Question] Thank you for the interview.

10790
CSO: 2600/82

NEW PRICE REGULATIONS REPORTED

Price Commission Head Interviewed

Warsaw TRYBUNA LUDU in Polish 30 Dec 81 pp 1, 2

[Interview with Zdzislaw Krasinski, Chairman of the State Price Commission, by PAP reporter Janusz Kotarsk: "What Will be Next Year's Prices? Interview with PKC [State Price Commission] Chairman"]

> [Text] Several days prior to the introduction of the martial law the State Price Commission was about to disseminate a brochure on proposals to change the prices of foodstuffs, fuels, and energy as well as housing rents. It is also known that new producer prices were to be effective as of the new year. What is the situation in this field at present? And will there be new market prices in the new year?

These questions were asked by a PAP [Polish Press Agency] journalist of the Chairman of the State Price Commission, Minister Zdzislaw Krasinski.

[Answer] The brochure has already been printed and transmitted to "Ruch" outlets. It has already been distributed in some voivodships but in others it still has not reached the kiosks. Nevertheless the information it contains has not lost its validity and presumably it will be distributed throughout the country in the first few days of the new year.

[Question] Does this mean that there also will be time for consultation with the public and collection of opinions and proposals?

[Answer] In the brochure we specify 15 January as the deadline for sending in comments. We already are receiving the first few comments from the voivodships in which it was disseminated. The responses draw attention to the fairly complex system of compensations. This concerns, among other things, compensation for the rise in the price of fuel and other items. We consider every comment thoroughly.

[Question] And what about the supply prices?

[Answer] They are effective as of January 1.

[Question] What consequences will this have on retail prices?

[Answer] Most enterprises have calculated the new free and controlled prices with allowance for the increase in production cost due to the higher producer prices prevailing as of the new year. This concerns manufactured goods and services not comprised in the official pricelists centrally determined by the State Price Commission. Most foodstuffs, except those sold in public markets and seasonal foodstuffs, have centrally fixed prices and no upward revisions of their prices on January 1 are expected.

[Question] How long, though, will stable prices persist for these products?

[Answer] I present the view that the prices of foodstuffs, fuel, and energy should all be revised simultaneously. Of course, the revisions should allow for the comments sent in previously by trade unions, those being currently received from certain public organizations, and those that will be received from the population following the publication of the brochure. We also expect to perform successive studies of public opinion, which will be carried out by the center for public opinion research and program studies under the Committee for Radio and Television, and by the Katowice branch of the Institute of Interior Commerce and Services.

The subject has already been explored to some extent. We known, for example, that a majority of the public is in favor of degressive compensation, tht is compensation decreasing in measure with increase in incomes. It should be emphasized, however, that the introduction of compensation of this kind would entail considerable technical problems. As regards compensation for children, the prevailing opinion is that it should be moderately uniform.

[Question] Since we are speaking of compensation, will it be extended to offset the rise in the prices of items to be fixed directly by the enterprises as early as on 1 January, and if yes, in what form?

[Answer] I believe that, in addition to the general compensation for the rise in the prices of foodstuffs, fuel, and energy, a provision should be made for compensation for the rise in the prices of staple means of personal hygiene, school and preschool instruments, textbooks, and aids, travel by urban and suburban public transit, and clothing and footwear for children and youth up to 15 years old, as well as for the adults belonging to the poorest stratum of society. The amounts of the compensation would balance expenditures on a scale representing the indispensable minimum of needs.

In 1982, on the other hand, we wish to settle the entire system of compensation payments due to the rise in the cost of living so that in 1983 the minimum wages, annuities, and old-age pensions could be increased in relation to the rise in the cost of living.

## New Producer Prices

Warsaw TRYBUNA LUDU in Polish 30 Dec 81, pp 1, 2

[PAP Communique: "A Regulation Which Eliminates Fiction" under the rubric of "Producer Prices" with the subtitles: "Modenization of Production--Activation of Reserves--Profitability of Exports"]

[Text] Pursuant to the resolution of the Council of Ministers and the postulates of the economic reform, revised producer prices for raw and other materials as well

as of means of production will take effect as of 1 January 1982, along with revised charges for energy and freight transport. The new price lists regulating the supply turnover provide for a marked rise in the prices of basic means of production and will to some extent affect the prices of consumer goods.

The regulation of producer prices will be of tremendous importance to the success of the economic reform in Poland. In this respect the economists have been and are in complete accord that if the current prices of raw and other materials and fuel and energy were to be maintainedin the long run, any economic calculation and cost accounting would have been pure fiction. The new sales prices of means of production should assure an effective appraisal of the efficiency of processing industries from the standpoint of profitability of exports. They should also promote the modernization of production, the exploitation of potential, and the attainment of maximally advantageous prices in foreign trade. For these reasons the Commission for Economic Reform has judged that the determination of the new producer prices should be based as broadly as possible on the prices prevailing in foreign trade with the so-called II payments area ["capitalist" countries[. Thus, a system close to the Hungarian model has been adopted.

The scale of the price operation under way is extremely large. It is extimated that the introduction of the reform will cause producer prices to increase by altogether approximately 2,300 billion zlotys. Thus, e.g., the price of one ton of crude petroleum will rise from the current 2,000 zlotys to about 13,400 zlotys. In its turn, one ton of black stoking coal will cost on the average 1,870 zlotys instead of the 467 zlotys at present. Higher prices will also be fixed for gaseous fuels, petroleum products, coke, brown coal, metallurgical raw materials and products, timber and lumber, cement and other building materials, and also pulp and paper, nonferrous metals, and many chemicals.

The reform of producer prices will affect the level of the cost and profitability of not only means of production but also consumer goods and services. Estimates show that the rise in the production cost of consumer goods due to the reform of sales prices will reach approximately 300-460 billion zlotys. The point is that the reform of producer prices is closely linked to the new operating principles of state enterprises. In accordance with these principles, the prices of most consumer goods, especially the non-food ones, will be treated as free prices, that is, freely fixed by producers without intervention by the state. It is clear that under these conditions the prices must offset production cost and assure adequate profit for the enterprise. In other words, they must be profitable prices. That is why it is to be expected that the reform of producer prices will result in successive rises of retail prices as well.

1386
CSO: 2600/189

## PLANNING COMMISSION OFFICIAL DISCUSSES AGRICULTURAL ECONOMIC SITUATION

Warsaw DZIENNIK LUDOWY in Polish 22 Dec 81 pp 1,2

[Interview with Prof Dr Eugeniusz Gorzelak, vice chairman of the Planning Commission, by Franciszek Nasinski: "Application of Economic Reform in Agriculture Despite the State of Martial Law"; date and place not specified; passages enclosed in slantlines printed in boldface]

The state of martial law continues, but life must go on as normal. In order to live, we must produce and satisfy all everyday needs. Many questions are still unanswered. Because we believe these matters to be of interest to our readers, we have asked the vice chairman of the Planning Commission, Prof Dr Eugeniusz Gorzelak, the following questions:

[Question] Prof Gorzelak: On what will the operation of the economy now be based?

[Answer] We are making every effort to have production proceed normally. I believe that in a short time we will be able to overcome the difficulties that were caused by the disarray in many of the basic areas of our life in the period preceding the declaration of a state of martial law. The prospects look good that gradually everything will return to normal.

In this interview I propose to restrict myself to a discussion of the functioning of that part of the economy that is closely linked with agriculture and that affects relations between the urban and rural areas. Unfortunately, some serious dangers exist here. /Deliveries of farm products to procurement points are too low. There is a risk of starvation in the cities and we cannot stand by helplessly. We must act to prevent this./ I believe that the appeal by the secretariat of the Supreme Committee of the United Peasant Party (ZSL) regarding an increase in deliveries of farm products to procurement points, especially grain and potatoes, will bring the desired results; in any case, it will shape the attitude of the more-aware portion of the rural population. The urban population can expect such a reaction from the farmers, on the basis that a friend in need is a friend indeed.

I must add, however, that this appeal can be reinforced by economic means. And here I must say that the rumors circulating to the effect that obligatory deliveries will be instituted are groundless./ I believe it to be my duty to firmly oppose such rumors.

Nevertheless, an extreme situation can be visualized. If there was a danger that there would not be enough flour for bread, then /one-time/ levies might have to be imposed. But I believe that such a situation will not develop, although we already know that we are not importing the planned amounts of grain and feed from abroad because the governments of certain countries do not show an understanding of the situation in which Poland has found itself and have blocked the credits intended for financing these purchases.

Fortunately, last year's good crops allow us to assume that we will be able to obtain the indispensable amounts of grain on the domestic market, from the farmers.

[Question] What economic instruments do you have in mind?

[Answer] Despite the state of martial law, economic reform will be gradually and consistently applied. Beginning next year, a new system of producer prices will go into effect in all branches of the economy. The implementation of these prices will increase production costs in industrial plants, including those supplying means of production for agriculture.

[Question] The Planning Commission doubtless has an idea about how this process will take place and by how much these costs will increase.

[Answer] We are assuming that the prices of production resources for agriculture, such as mineral fertilizers, machines and tools, tractors, cement and other construction materials, should cover the costs of their production and allow a small profit for the enterprise. Their production should not be based on subsidies. Furthermore, the new prices will come close to the value of these goods. As to what the price level will ultimately be, I cannot say today with any accuracy. In any case, calculations show that a ton of coal may cost about 2,000 zlotys, and that the price of an "Ursus" C-320 [tractor] may increase from 145,000 to 315,000 zlotys, and the "Ursus" C-360 may go from 200,000 to 388,000 zlotys. We know very well that the prices in effect thus far, including the producer prices, were, to put it mildly, totally unrealistic. A wagon of coal could be bought for one hog. This had many effects. I will cite two basic ones: First, an unwillingness to increase the production of articles intended for agriculture because this would increase the enterprise's deficit. True, the deficit was covered by subsidies, but the subsidies had to be obtained. Second, what comes cheap is not appreciated.

This led to inefficient utilization of material resources in agriculture. The utilization of mineral fertilizers on the State Farms (PGR), for example, evoked many caustic and not unjustified remarks.

If, at this time, prices are to be an effective incentive for expanding production in the branches of industry that service agriculture, then /the general level of these prices should be two or three, and in some cases even four, times higher than heretofore./ We figure that in this group of goods, prices will, on an average, slightly more than triple.

[Question] What will be the effects of such a sharp increase in prices? How will the farmers react? This may, of course, ruin farm production and make it unprofitable.

[Answer] Not at all. The Guidelines of the PZPR Central Committee Political Bureau and the ZSL Supreme Committee Presidium, approved in November of this year, show that the /farmers will be guaranteed a permanent, regular increase in procurement prices/ to a level which will guarantee profitability of production. This means that farmers will be compensated for increases in production costs by being granted increases in procurement prices on agricultural products.

[Question] But this gives rise to problems due to the fact that the farmer is both a producer and a consumer. He will, therefore, bear the consequences of increased prices as a producer purchasing material-type resources indispensable in farming, and as a consumer purchasing consumer goods such as footwear, clothing, furniture, and finally, food, just to mention s.lt. Certainly all of this is needed by the rural population.

[Answer] I still maintain that farmers should be fully recompensed for the price increase on means of production. But as far as consumer goods are concerned, the matter must still be considered.

If the total amount of the price increases on means of production over 1 year is 200 billion zlotys, then the farmers should receive that much more in price increases on procurement of farm products. This means that /procurement prices will be in steps/. This will fulfill the demand contained in the Guidelines that prices will guarantee profitability of agricultural production. According to my calculations, procurement prices should increase 40 to 50 percent.

[Question] What will happen then to retail prices on food items?

[Answer] I could jokingly say that let Minister Krasinski, who is offering the people both retail prices and compensation, worry about that. Seriously speaking, I can say that /retail prices on food must also increase/. However, the urban population will be compensated in the form of wage increases and allowances added to pensions, annuities, scholarship grants, etc.

[Question] Are you convinced that the peasants will deliver farm products at the new prices? The preliminary data show that the price of grain in procurement will be about 1,500 zlotys, and on the free market it approaches 2,500 zlotys and more. Althought it is true that current procurement prices guarantee profitability of production, but sharply rising inflation tends to make the farmers withhold sales. A farm product, especially grain, does not lose value during inflation. It is as good as dollars.

[Answer] Yes, you are right. That is exactly why the government has guaranteed the farmers that money obtained from sales of farm products to the state after November 1st of this year and deposited in the cooperative banks will not lose in value, for added to them will be those sums of money which represent the difference between the present price and the future price, after the increase. In addition,

let me remind you about what I said in the beginning: First, we will have problems with purchasing grain abroad. Second, we have grain in this country. Third, we do not want to take grain from the farmers by force. Fourth, we want to buy it, offering higher prices than in the past, and from the farmer's standpoint, which in view of the collapsing market is most important, we want to ensure, in exchange for the cash collected at the procurement point, the purchase of the means of production indispensable to the farmer.

In addition, I would like to express the belief that the application of economic reform and the price measures mentioned here will make it possible to get the market situation under control and that the inflation process will be controlled and limited.

[Question] What will tied sales be like [tied sales, i.e., a farmer's purchase of means of production will be tied to his sales of farm products to the state]? This is very important because thus far all of the solutions proposed have been received by the farmers with criticism.

[Answer] You are correct. I am aware of these opinions. We made a mistake in including only slaughter animals in the tied sales, and not the broad range of products delivered by the farmers. Also, the 1:5 ratio caused the farmers to have some reservations. I will add only that in practice this ratio was revised.

It would be best if there were no tied sales and that each farmer could, as before, deliver his products to the procurement point, limiting free-market sales to fruits, vegetables, potatoes, poultry, etc. It would be best if farmers delivered their products according to the contracts that they signed. Unfortunately, the economic ties between the towns and the villages have been severed, or at least severely strained, which is no surprise in view of the total imbalance.

We are in a state of martial law. Above all, we must exist as a nation, we must all endure--those in the towns and those in the villages. /That is why we must apply a universal system of tied sales./

[Question] What will this really be like?

[Answer] Generally speaking, two variants are possible. The first variant: For all products that he delivers to the procurement point, the farmer receives coupons authorizing him to purchase means of production as he sees fit. As far as commercial products, consumer goods and food articles are concerned, I believe that the price increases will allow us to achieve market balance. The second variant: A so-called "partial tieing", will be applied, i.e., in return for cash obtained for deliveries of grain, slaughter animals, and possibly milk, to the procurement point, the farmer will be able to buy mineral fertilizers, feed, or machines.

The choice of solutions will depend on the goals that we must reach. If, by the end of March, we are able to purchase on the domestic market an additional two milli tons of grain and enough slaughter animals to provide ration-card supplies to the people (i.e., 1.8 million tons in post-slaughter weight over the entire year), then we will be able to institute a more convenient and simpler coupon system, based on

the formula "everything for everything". But if there are problems in reaching such a scale of procurement, then the procurement of the critical products--I repeat, grain and slaughter animals--must be supported by the additional priorities contained in the second variant.

Experience will show which economic, and not bureaucratic-administrative, instruments we will have to apply.

9295
CSO: 2600/209

AREAS FOR IMPROVING USE OF PRODUCTION CAPACITY EXAMINED

Bucharest SCINTEIA in Romanian 18 Dec 81 pp 1, 3

[Unsigned article: "Production Facilities Used With Maximum Efficiency"]

[Text] In his thorough speech at the recent joint plenary session of the RCP Central Committee and the Supreme Council of Economic and Social Development, comrade Nicolae Ceausescu, in referring to the directions of action for the purpose of increasing material production and raising the level of efficiency of economic activities, once again pointed out one of the essential tasks for the workers collectives in industry: the full use at a maximum level of efficiency of all machinery, equipment and installations within economic units.

Without a doubt, we are speaking of a requirement of especially current relevancy imposed by major economic reasons. Our society and all the people have made and are making great efforts to provide the economy with modern machines and equipment, with a portion of them being imported. It is clear that only by ensuring the judicious and full use on a daily basis of the production facilities in each economic unit will they be able to create conditions to recover quickly and fully those funds advanced by society for the purpose of putting modern technology in the enterprises. In the final analysis, the full use of technical equipment represents a major problem in increasing efficiency in each enterprise and at the level of the entire national economy. This is the essential objective of the measures adopted by the party leadership for furthering worker self-management and self-administration and improving the entire economic-financial mechanism.

It is even more necessary now to persevere with regards to a maximum loading of equipment and installations since this currently represents a decisive condition for fully achieving the physical production scheduled to be produced by the end of the year and for eliminating the arrearages that are occurring in some product types. The requirement to fully use technical equipment at a high level of efficiency involves, however, our activities in the entire five year plan. In this regard, the secretary general of the party, comrade Nicolae Ceausescu, stated: "With the currently existing facilities, we can obtain an increase in industrial production of 40 to 50 percent during this five year plan."

Actually, beginning precisely with these reserves in our facilities, in 1982 and during the entire five year plan - whose general nature will be the transition from extensive development to intensive development - the accent will be placed not so much

on the creation of new economic units, but on raising the technical and qualitative level of the existing potential, completing the placement of equipment in certain sectors and using at full capacity the technical equipment that the national economy has available. Thus, next year, industrial production is to be achieved at a rate of 96.5 percent in existing units, 2.8 percent in installations in the technological shake-down phase and only .7 percent in facilities that will go into operation in the second half of the year. That is why, at this time, when next year's production is being prepared in all economic units, it is necessary for the collective leadership organs to give special attention to establishing certain broad and thorough action programs that will ensure the full use of machinery and equipment and the output of maximum production using the technical means we have available.

In light of these requirements, what problems crop up in practice and what type of shortcomings must be constantly eliminated? First, it is appropriate to point out that because of the increased concern on the part of the enterprises' leaderships for uninterrupted operations and the optimum loading of machinery and installations many workers collectives this year obtained significant increases in production and productivity. In other units, however, such as the Buzau Technological Equipment Enterprise, "Hidromecanica" in Brasov or Bistrita-Nasaud, Tulcea, Giurgiu and Botosani counties, the machine-tool use indices were lower, below planned levels. The causes? Organizational shortcomings generated both by these units' insufficient concern and by the hierarchically superior centrals' insufficient concern for creating all the conditions appropriate for the proper use of the technical equipment available. The result, therefore, is a basic problem that must be resolved in the enterprises concerning the judicious loading of machinery and equipment by shift, section and workshop in close correlation with the physical production plan and the cooperation and collaboration programs.

With perseverance and responsibility, it is necessary for the enterprise leaderships to be concerned about the appropriate organization of maintenance and repair projects. At the same time, it is now time to put an end to the inadmissible state of affairs of relegating to second place the production of spare parts and subassemblies needed for the proper operation of existing production facilities. In this regard, in addition to the numerous positive examples, there still are a number of shortcomings. Thus, in some units a large portion of the machinery and equipment operating time is wasted because of unforeseen interruptions as a result of failing to adhere to their maintenance and use standards. In some cases, because of the desire to obtain production at any cost, the technical repair cycle was not adhered to. It is paradoxical that some enterprises, while not achieving their full physical production plan, did not carry out their scheduled capital repairs either. Such not-at-all objective deficiencies brought about the premature wear of certain pieces of machinery and equipment and negatively influenced the level of production.

Concomitantly with the measures that are required to eliminate these shortcomings, the raising of the level of qualifications of all workers must play a central role within the framework of the efforts of the workers councils in the enterprises to have the most efficient use of the technical potential. The secretary general of the party stressed: "We must understand well that the handling of highly technical machinery requires knowledge, discipline and order." In each enterprise, leadership council

and party organization this is the source of the requirement to work with all firmness in order to permanently organize courses to improve technical-professional knowledge so that all worker personnel will be better able to master the highly technical modern equipment that is in each unit.

The use of production facilities at a level of maximum efficiency constitutes a major economic necessity for the development of the national economy during the current stage. Precisely for that reason, as owners, producers and consumers the workers in each enterprise have the duty of working with much greater firmness and decisiveness and with full responsibility for the rational, full use of all machinery, equipment and installations - the wealth of all of society and the technical basis for fulfilling the great objectives established by the 12th RCP Congress.

8724
CSO: 2700

NEW MEASURES DESIGNED TO IMPROVE AGRICULTURAL OPERATIONS

Bucharest SCINTEIA in Romanian 17 Dec 81 p 2

[Interview with Gheorghe Manciu, secretary of state in the Ministry of the Food Industry, by Ioan Herteg: "A New Organizational Framework That Increases Responsibility for the Use of Mechanized Equipment and Interest in the Largest Possible Production"; date and place not specified]

[Text] At the 15 December session, the Political Executive Committee of the RCP Central Committee approved new measures to improve activities for the mechanization of agriculture that will ensure all the conditions for carrying out projects during optimum timeframes with respect for all technological standards, the better use of agricultural tractor and machinery motor pools and the reduction of production costs.

[Question] To begin, I asked the interlocutor to underline the advantages that will stem from the measures that were established for the better use of mechanical equipment and, in the final analysis, for the growth of agricultural production.

[Answer] Briefly, one could say that the purpose of these measures is to bring closer and directly tie the activities of the mechanized equipment operators to the production units and to give the chiefs of the agricultural units the right to organize as they see it best to do. This would be done for the purpose of increasing agricultural production, maximally reducing costs and using the mechanical equipment that the state has placed at the disposal of agriculture.

[Question] Specifically, what new elements have entered into the organization of activities in this field?

[Answer] The new element that has entered into the activities of the mechanization stations, on the basis of the decision of the Political Executive Committee of the RCP Central Committee, is that the equipment that they have is given over for use by the state agricultural units and the cooperative units on the basis of long-term contracts that have been concluded. This means that these agricultural units will be able to decide when, how and in what way each tractor, each piece of agricultural machinery that they have will be used. Precisely for that reason, the mechanization sections and groups will be integrated into the activities of the state and cooperative agricultural units, operating with a dual subordination: to the leaderships of these units and to those of the agricultural mechanization stations. As a result, these stations and the agricultural units will organize and ensure the achievement of agricultural projects during the optimum periods.

[Question] In a practical way, what does this dual subordination mean?

[Answer] The agricultural mechanization stations will continue to remain the owners of the tractors, combines and other types of agricultural equipment. In this position, they have the job of verifying whether the mechanized equipment turned over to each agricultural unit are used rationally, and, as owners of this equipment, they must ensure the carrying out of technical maintenance and the review of whether the established technical norms are adhered to. They have the duty of providing new agricultural tractors and equipment that are in step with technical progress, of carrying out the necessary repairs on tractors and equipment and of obtaining the fuels, lubricants and spare parts necessary for the normal operation of mechanized projects.

With regards to the subordination to the agricultural units, this has two aspects: 1) In the state agricultural enterprises, all workers in the mechanized sections and groups are employed and paid by these enterprises; 2) In the case of the agricultural production cooperatives, in accordance with the measures that were adopted the workers in the mechanized sections and groups become members of the cooperatives, but are paid by the agricultural mechanization stations, maintaining their positions as workers, with all the rights stemming from this. As a result, both the state agricultural enterprises and the agricultural cooperatives will be able to decide when, how and what types of projects will be carried out by the mechanized equipment operators.

[Question] Within what limits can the president of the agricultural cooperative, the chief engineer or the farm chief take actions with regards to the use of the mechanized equipment placed at his disposal?

[Answer] Within very broad limits, but on the condition that this equipment will be used to carry out agricultural projects. As is known, at the beginning of the year estimates are established for projects by type of crop and in other sectors. As a result, these projects will have to be carried out. Certainly, the general assembly of the agricultural cooperative and the leadership council are in a position to decide which projects will be carried out in a mechanized fashion and which ones will be done manually. This greatly increases the authority, as well as the responsibility, of the chief of the agricultural unit or the work group. He is in a position to decide upon the manner of using agricultural tractors and equipment. Furthermore, in all those agricultural units that have adequate conditions large groups will be organized, headed by specialists who work in state and cooperative agricultural units.

[Question] Will this new form of organization stimulate the mechanized equipment operators and agricultural specialists to increase production?

[Answer] The payment of salaries to the mechanized equipment operators, the maintenance mechanics and the other workers on the farms, including the farm chief or the specialist who runs the farm, is done on the basis of an overall contract agreement. Keeping in mind the nature of the work in agriculture, the mechanized equipment operators can also be employed in carrying out manual projects. In carrying out these projects, the members of their families can also participate, receiving the appropriate pay as a result of the production obtained from that land area. Similarly, when the

mechanized equipment operators are not busy carrying out mechanized projects and are not involved in repair work, they can be used to carry out certain manual jobs in the farm or agricultural unit, being paid in these cases according to the established schedules. As a result, the mechanized equipment operators become a complex agricultural worker. He is not satisfied to merely stay behind the wheel of his tractor or combine, but will give a hand and will work where these is need for his help, with him and the agricultural unit to which he belongs gaining from this. According to the regulations in effect, mechanized equipment operators can have a private use lot. Now, mechanized equipment operators, maintenance mechanics and the other operators in the state agricultural units who use or maintain the agricultural equipment and who are not members of cooperatives will receive from the state agricultural unit to which they belong a private use lot of up to 10 area units. The lots that are turned over for private use will be grouped together on land on the outskirts of the localities.

[Question] The measures outlined by the Political Executive Committee also call for the agricultural mechanization stations to help the people's farms. What will be done in this direction?

[Answer] In the non-cooperativized regions, agricultural mechanization stations will be organized that will carry out projects specific to these types of fields. These stations will be equipped with tractors and equipment adequate for the projects on sloping fields and on small fields and for mechanizing work in tree-growing and harvesting fodder. Simiarly, the agricultural mechanization stations in all regions will help the members of agricultural cooperatives to work their private use lots. To this end, it will be good that the lots are grouped together at the outskirts of the localities so they can be plowed by tractors.

[Question] What must be done now in order to implement these measures?

[Answer] Along with completing production plans, the agricultural units should establish exactly their work estimates and outline those fields that will be worked under an overall contract agreement by the mechanized equipment operators and the cooperatists. Since we are currently in the middle of repair activities, this work must be carried out with the greatest responsibility in order to guarantee the proper operation of agricultural tractors and equipment.

The measures established by the Political Executive Committee of the RCP Central Committee will provide a superior organizational framework that will create conditions so that, upon the opening of the spring agricultural campaign, all projects will be carried out at a superior level and will ensure the full achievement of the agricultural production plan.

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# NEW MEASURES DESIGNED TO STIMULATE AGRICULTURAL PRODUCTION

Bucharest REVISTA ECONOMICA in Romanian No 51, 18 Dec 81 pp 5-6

[Article by Dr. Alexandru Ciora]

[Text] For the purpose of achieving the goals set by the 12th Party Congress, the tasks that result from the completion of the new agricultural revolution in this country, the Political Executive Committee of the CC of the RCP, in its session held on 15 December 1981, examined and outlined a set of measures on stimulating the socialist agricultural units and the other producers in boosting per hectare output and increasing deliveries to the state fund.

The new measures taken by the party leadership have a profoundly scientific character, since by proceeding from the analysis of the current stage in the evolution of production, productivity and efficiency of economic activity in light of the material efforts for the expansion of agriculture, from the need for applying in agriculture the specific of the action of objective economic laws they develop, on this basis, the framework required for the completion of the agricultural revolution, for the rise in outputs in this branch.

During the years of socialist construction outstanding successes have been obtained in expanding the technical base of agriculture and boosting farm output. Nevertheless, the results do not match the material efforts made by our state and people to develop this branch, the superior conditions for socialist organization of work. For instance, in our agriculture, as a whole and in the various sectors (state and cooperatives), production has not risen to match the expansion of the technical and material base. The level of increase in the farm output and incomes of SMA [Stations for the Mechanization of Agriculture] is below the level of the material effort. In the cooperativized agricultural sector, net output for each 1000 lei of fixed assets at initial value is 3.5 times lower than in the state sector. It can be estimated that if the level of net output in CAP [Agricultural Production Cooperatives] would rise to the level that exists in IAS [State Agricultural Enterprises], considering that the cooperativized sector involves two-thirds of the country's cultivated area, farm output could go up by a factor of about 4 with the current technical means, based on wiser utilization of labor resources.

An essential factor in enhancing the economic impact involves the rise in labor productivity, a category directly tied in with the specific character of work, respectively with the quantity and quality of the means of production and the manner in

which they are utilized. The 1960-1980 period, under this aspect also, saw good results for the overall agriculture, materialized in the fact that total agricultural production went up 54%, while the work force in agriculture decreased 49%. This justifies the conclusion of experts that the entire production rise is achieved on the basis of greater labor productivity.

The transformation of quantity into new quality, materialized, inter alia, in greater economic efficiency, requires agriculture, also, to increase the profitability of output and of products, with the achievement of profits being the main avenue to the rise in accumulations and formation of the funds of the socialist unit.

Higher efficiency of economic processes in agriculture involves a revolutionary leap in the quality of the activity. Consequently, the party and state leadership outlined a comprehensive program whose completion necessitates firm action by workers in agriculture along the following principal lines:

1. Cut in production costs and creation of an optimal balance between cost and price of delivery of products to the state, with the cost-profit ratio, respectively materials expenditures-net output being the basic ratio upon which the realization of the new economic-financial mechanism hinges. (In IAS, during the last decade, the total production costs showed a continuously upward trend, being 92.6% greater in 1980 versus 1970, and the expenditures related to incomes 135.5% greater. For the products that involve loss, the production cost is far above the level of the delivery price, even for those that underwent a price resetting -- such as milk and beef). In SMA the total expenditures went up 15.2% in 1980 versus 1960, and the incomes only 11 times.

2. Rise in per hectare and per animal average output, which impacts on all economic relationships, including the one between materials expenditures and net production. (For the plant production, the average production went up for the overall agriculture and also in IAS and CAP and, on the whole, it was greater in 1980 versus 1960: by a factor of 3.6 for wheat, 4.6 for corn, and 2 for potato, but still remains below potentialities. For the various sectors, in CAP, during the 1965-1980 period, average production was at a level that was below the level in IAS; for instance, while the average egg output rose by a factor of 3.4, reaching the level in IAS, for wheat -- with an increase of 53% -- only 80.5% of the level in IAS was reached, for corn -- with a rise of 78.4% -- 76.6%, for sunflower -- with a rise of 39.8% -- 88%, for potato -- with a rise of 68.3% -- 62.5%, and for cow's milk the average output decreased to 97% of the level for 1965. As a result of the slow growth of average output, materials expenditures went up, and reached in CAP, in 1980, 69.3% of the value of the total overall output, and materials expenditures for agricultural production only -- 72.4% of the value of the overall agricultural output.)

3. Stepping up of the activity involving mechanization and increase in the rate of completing farming operations within optimal periods.

As a result of expansion of the technical base, mechanization of works has advanced significantly, specifically in the area of plant production, but there still are too great manual labor consumption rates, especially in the area of livestock production

in the cooperativized sector. A set of measures taken recently focuses on orienting investment funds in agriculture principally toward expanding mechanization and increasing the efficiency obtained in this manner.

4. In the area of agricultural production cooperatives, more than in other sectors, it is necessary to more wisely utilize the work force.

The expansion of the technical base of agriculture has generated and continues to generate quantitative and qualitative changes in the resources of manpower of the branch. In the overall agriculture, the number of specialists went up by a factor of 4.2 during the 1960-1980 period (by a factor of 1.7 in IAS and 2 in CAP). A characteristic trait of agriculture involves the fact that the number of workers with medium-grade training is far smaller than that of workers with college degrees and this is a negative aspect. In CAP, all specialists hold managing positions but cover only 31.3% of these positions, and consequently, 39.8% of these positions are held by people with elementary training.

The work force in agriculture decreased to 49% versus 1960 and its proportion in the country's work force went down to 29.4%. Moreover, the number of working people in this branch increased 17.7%.

In CAP, the total number of able-bodied cooperative members decreased to 67.4% and their proportion in the total number of cooperative members went down from 46.8% in 1962 to 34.3% in 1980. The number of able cooperative members who participate permanently in work has doubled and their proportion in the total number of able-bodied cooperative members rose from 17.2% to 53.1%, which points to a significant increase in participation in work. Furthermore, the number of cooperative members who never participate in work in CAP (this category includes those who secure their means of subsistence by work only on their private farms, women who are homemakers, seasonal workers in state units, small artisans) stands at 34% of the number of able people. Changes occurred in terms of sex categories. For instance, in the total number of cooperative members, taken as family members regardless of age, women account for a proportion that oscillates between 53.6% and 57.8%. Among able cooperative members who participate in work, the number of women went up from 27% in 1962 to 36.8% in 1980.

If we take into consideration the significant proportion of able-bodied cooperative members who never participate in work and are not involved permanently in other economic sectors, it follows that the cooperativized sector of agriculture has a great potential of unutilized manpower, that, if drawn into the production process, could be instrumental in completion of farming operations within optimal periods and at a good qualitative level. This also requires finding methods for training the female work force, that currently is involved in mainly seasonal and unskilled works (the jobs that require skills and the managing [illegible] are chiefly done by men).

5. In the overall context of measures that are taken [illegible] development of agriculture, great emphasis -- with many ramifications in higher output and greater input of socialist units and small-scale farmers in ensuring the state fund of farm products -- is placed on using price as the economic leverage in the system of economic and financial self-administration and self-management in agriculture and promotion of forms and methods for increasing the material incentives for farmers,

that should result in the optimal ratio between production costs and delivery prices for farm products and between these and the prices of industrial products that are supplied to agriculture.

After the 12th Party Congress, many projects were initiated with the aim of basing production, including agricultural production, on economic principles, increasing the material incentives for farmers. Worthy of note are the measures on resetting delivery prices for some plant and animal products, introduction of the overall contract system as the leading form for remuneration of workers in agriculture, ensuring of state granted technical assistance, restructure of agricultural management by setting up the unified state and cooperative agroindustrial councils, increase by 11.8% in production and contracting prices (introduced early this year).

In 1980, the delivery price rose 50% for the IAS products (versus 1960), 37% for grapes, 36% for cow's milk. The measures taken encompassed all plant and animal farm products; they were needed because, for instance, only nine out of 25 farm products in IAS were profitable and for many other products the costs were higher than the delivery price. For example, in IAS, where labor productivity and average production are greater than those in other agricultural sectors, the production cost taken as the average of effective achievements during the 1971-1980 period was greater than the delivery price: 14.6% for corn (kernel), 22.2% for cow's milk, and 23.6% for beef. The 11.8% rise in the price of delivery (of production) in 1981 resulted in a significant correction of this ratio and the agricultural units achieved extra incomes of almost 10 billion lei.

The 12th RCP Congress approved a set of measures that will be materialized in agriculture under this five-year plan. It is anticipated that by 1985, labor productivity in agriculture will go up 50%, and on this basis the production costs will be reduced in IAS 12.5% and in SMA 11%; net agricultural production for the overall agriculture will go up 38.6% at an annual average rate of 6.8%.

In this context, the decision of the Political Executive Committee of the CC of the RCP on the application of new measures to stimulate farmers who deliver grain, industrial crops, potatoes, vegetables, fruit and grapes to the state fund, of fodder and seeds, has an outstanding significance, which results from the fact that:

a. Implemented is the concept of our party, of the party secretary general, Nicolae Ceausescu, reasserted at the plenary session of the CC of the RCP held in November, according to which "the achievement of a correct price policy, the maintenance of adequate ratios between the cost price, production cost and selling price is an objective legal requirement of proper management of economic activity, of socialist construction and communism;"

b. It is considered that in the context of the effort undertaken for the overall economy in 1981, to correlate and update prices in all areas of material production, of placing these prices on economic principles, new measures be also taken in the field of contracting and procurement from producers in agriculture for stimulation and material incentives in boosting output and delivery to the state fund, for the purpose of achieving the goals set by the party on significantly increasing plant and animal output, completion of the agricultural revolution in Romania, ensuring

of proper supplies to the population and corresponding satisfaction of the other economic needs. The introduction of the new economic mechanism territorially, of self-administration and self-supply requires greater input of all farm producers, including small-scale farmers and farms of cooperative members, into the formation of the central and local fund of agricultural products, for the purpose of ensuring supplies to the population on an organized basis, at firm prices, and of following the standards of socialist ethics and equity in exchanges between town and village;

c. One proceeds from the basic principle of our socialist economy, on correlation and resetting of prices in light of the changes that take place in the production process, in the materials and work expenditures, in world prices, and also in compliance with the rise in the incomes of the population, with the aim of completely meeting expenses, eliminating the discrepancy between delivery prices and production costs, increasing profitability and significantly raising the farmers' incomes.

To this end, the measure is introduced according to which above the basic price for farm products, there will be granted production bonuses, in cash, for the amounts contracted for and delivered to the state, on a differential basis according to the product and progressively depending on the quantity of products obtained per hectare and delivered to the state. The bonuses will represent increases, versus the base price, on the average 30%, for some products reaching up to 60%. Hence, it is estimated that the agricultural units and private farms will receive as a surplus, during the 1981-1982 agricultural year, about 14 billion lei, which will make it possible to meet production expenses and allow producers to obtain an extra income of about 7 billion lei.

Because in establishing the average bonuses one proceeds from the production levels anticipated in the 1982 plan, the socialist farm producers and the small-scale farmers have all the conditions so that, based on increase in output and deliveries to the state central and local fund, they may boost their incomes, a fact that will help to improve the standard of living of all workers in agriculture, of all the farmers.

11710
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PRIVATE SECTOR AGRICULTURAL PRODUCTION LEVELS STUDIED

Bucharest REVISTA ECONOMICA in Romanian No 51, 18 Dec 81 pp 7-8

[Article by Dr. N. Brasoveanu]

[Text] The private farms play a significant role in the overall economy of agriculture. They are located for the most part in the hilly and mountain areas and avail themselves -- in the context of the agricultural land resources -- mainly of natural meadows; therefore, the basic branch of farming in these areas involved and will continue to involve animal raising, in addition to fruit-growing. In the context of the measures incorporated in the program for territorial self-management and self-supply for the purpose of providing the population with plant and livestock products during the 1982-1985 period, which promotes as the fundamental principle the balancing of the physiologically normal food ration, to the effect of increasing the proportion of livestock products, there is a significant increase in the role of this category of farms in ensuring greater amounts of livestock products, for own consumption and for the state central fund. The greater and greater input of meat and meat products, of milk, cheese and eggs in human nutrition will permit the significant reduction in the consumption of grain, thus releasing resources needed for animal feed and for other economic needs.

The program is part of a unified concept, in the context of a longer-term economic policy of our party and state on territorial self-management and self-supply, focusing on formation, distribution and utilization of farm food products for the various counties and localities, stimulation of the citizens who hold cultivable lands to use them in order to obtain the products needed for self-consumption, to raise the greatest possible number of fowls and animals, thus meeting their own requirements, contributing to the formation of the central fund of farm foodstuffs and also creating a surplus for marketing.

Against the backdrop of these economic and social factors, the development of agriculture, the ensuring of own consumption and the needs of all the people, the private farms in the noncooperativized hilly and mountain areas must meet halfway the state input regarding the supplementing of some grain products, cultivating each square meter of land to obtain grain, potatoes, vegetables and fruit and specifically boosting the animal output.

Technical, Economic, Social Factors in Growth of Plant Output

The private farms' land resources number 1.7 million ha, out of which arable land takes up 33.1%, meadows 16.9%, hayfields 45.1%, vineyards 0.8% and orchards 4.1%. The natural pastures (62% of all agricultural land resources) ensure an essentially pastoral trait to the structure of this agricultural sector. However, the relatively significant proportion of the arable land and of orchards requires and ampler examination of the manner in which these resources are utilized.

The structure of crops is as follows: wheat and rye, 4.8%; oats, 1.4%; corn (kernels), 61.6%; potato (in individual field), 12.9%; vegetables, 7.5%; fodder crops, 9.7%. We note great discrepancies between the economic levels of the main grain crops -- wheat and corn. The very low level of wheat crops on private farms is generated by a set of socioeconomic factors that were discussed in this review (No 46/1981). But the presence of wheat and generally of grain crops, in adequate proportions (30-40%) is necessary for technical reasons (this crop is a proper growing for corn and makes best use of the pedoclimatic conditions) and for economic reasons (it is better fit for mechanization and provides bran -- a valuable by-product in animal feed). In exchange, corn -- with a low favorableness as to natural conditions in these areas (specifically considering the thermal factor) is widely grown in the mountain areas, at levels that are not even known for this crop in irrigated lowlands. This kind of practice counters the rules of the risk factor materialized by the elemental manifestation of the thermal factor, frequently resulting in the nonmaturing of corn. The reduction of the areas used for corn to levels of about 35% in hilly zones and even lower in the mountain zones (with cultivation only in the areas where the required thermal minimum is reached) would create the prospect for introduction or expansion of some industrial crops such as rape for oil and sugar beet -- economically profitable crops, a fact which would also facilitate self-supply of mountain private farms with oil and sugar. This resizing of corn crops in the noncooperativized hilly and mountain zones would involve revision of the levels set for provision of corn meal from the state fund to private farms situated in the above-mentioned areas, on a differential basis in light of the favorableness in terms of this crop.

As for favorable conditions for the other crops, studies and practice indicate as proper crops potato, barley, rye, perennial and succulent fodder crops fit for hilly areas (fodder beet, fodder turnips, fodder cabbage) and cryophilic vegetables. We emphasize the successful cultivation of summer wheat and oats and in alternating crops, beans, potato, and squash on many areas, in noncooperativized zones and reduction of the range of crops on private farms in the areas situated at high altitudes (summer and winter wheat, rye, potato and feed crops).

For the mountain noncooperativized zones the technical research institutes recommend the following variants of production patterns, with equal crop levels:

a. In counties with a relatively higher temperature average (Hunedoara, Arges, Bistrita-Nasaud, Bacau, Neamt, Suceava, Maramures): 1. Grain, potato and corn; 2. Grain crops and alfalfa, individual alfalfa crop, potato and corn;

b. In counties with the noncooperativized area situated at higher altitude and with lower temperatures: 1. Grain crops and alfalfa, individual alfalfa crop and potato; 2. Two-row barley and potato; 3. Rye and potato.

Levels for Boosting Animal Output

During the past decade, because of a set of economic and social factors, the animal herds on individual farms indicated in some years a slightly significant growth and in other years a decline. Territorially, for the various natural zones, we note significant differences with regard to the density of animals (see table).

Animal Density on Private Farms

Densitatea animalelor în gospodăriile agricole individuale

1) — capete —

| | 2) Revin la 100 ha arabil + pășuni + fînețe | | | | 3) Revin la 100 ha arabil cereale | |
|---|---|---|---|---|---|---|
| 4) | taurine | 5) cabaline | 6) ovine | 7) caprine | 8) porcine | 9) păsări |
| 10) Carpații Meridionali ai Olteniei și Munteniei | 34,0 | 4,4 | 78,3 | 4,2 | 71,7 | 1 068,8 |
| 11) Carpații Meridionali ai Transilvaniei | 28,8 | 5,1 | 87,8 | 1,7 | 42,7 | 499,4 |
| 12) Carpații Orientali ai Moldovei | 46,0 | 5,8 | 64,2 | 3,1 | 53,4 | 1 257,9 |
| 13) Carpații Orientali ai Transilvaniei | 48,4 | 8,8 | 83,6 | 4,5 | 72,8 | 886,4 |
| 14) Podișul Transilvaniei | 51,8 | 9,4 | 91,8 | 5,2 | 53,5 | 722,4 |
| 15) Podișul Moldovei | 47,5 | 25,4 | 206,5 | 1,2 | 29,2 | 747,6 |
| 16) Cîmpia Tisei | 62,9 | 15,0 | 84,3 | 2,7 | 45,0 | 552,1 |
| 17) Podișul Dobrogei | 85,6 | 27,2 | 888,9 | 29,8 | 104,3 | . . . |
| 18) Cîmpia Română | 45,9 | 27,2 | 479,8 | 11,1 | 90,1 | . . . |
| 19) Media pe țară | 40,3 | 7,0 | 84,8 | 3,7 | 56,8 | 864,5 |

Key:

1. Head
2. For each 100 ha arable + meadows + hayfields
3. For each 100 ha arable grain
4. Cattle
5. Stud
6. Sheep
7. Goats
8. Hogs
9. Fowls
10. Southern Carpathians of Oltenia and Muntenia
11. Southern Carpathians of Transylvania
12. Eastern Carpathians of Moldova
13. Eastern Carpathians of Transylvania
14. Transylvanian Plateau
15. Moldova's Plateau
16. Tisa Plain
17. Dobrogea's Plateau
18. Romanian Plain
19. Countrywide average

With 52.8 UVM [expansion unknown] per 100 hectares of agricultural land, the average density of animal herds on private farms is significantly lower than that in the overall agriculture (76 UVM). With the exception of the Romanian Plain, Dobrogea's

Plateau and Moldova's Plateau -- zones that are insignificant in terms of the proportion of noncooperativized farms -- we note a larger livestock on private farms in the Transylvanian Plateau, the Eastern Carpathians of Transylvania and of Moldova.

As a result of the measures to improve animal breeds, in this sector of small-scale production of goods, the average output per animal went up as follows: for cow's milk from 1294 to 2363 liters, for wool from 1.8 to 2.3 kg, for eggs from 100 to 170. In the context of the requirements that result from the economic policy of our party and state with regard to the more intensive involvement of private farms in the formation of the state central fund of farm products, we point out the following evolution of quantities of livestock products contracted for annually by private farms with the state, during the same period: for meat from 50,000 to 77,000 t, for cow's milk from 292,000 to 1.207 million hl,for wool from 2116 to 3563 t, for bee's honey from 830 to 2716 t.

The sinuous evolution of livestock on private farms (sometimes even below the level of natural reproduction) and the relatively small involvement in the formation of the state fund necessitate the examination of the causes that produced them and the substantiation of a set of measures for correction. For instance, in terms of the programs involving the reproduction and selection of animals owned by private farms, we note that while the centers involved orient this activity toward promoting the most productive yields, the private farms promote the development of animal herds from breeds with a lower biological potential but characterized by greater resistance to the arduous conditions of the natural environment.

Moreover, being felt is the lack of or inadequate delivery by agricultural units and consumer cooperatives of the biological material and breeding stock and fattening material -- specifically involving hogs -- conditions under which procurement partly proceeds on the unorganized market, sometimes at profiteering prices. Furthermore, the cases of failure to meet the contractual clauses on granting concentrated fodder to animal raising farms in these zones still constitute an important cause of the inadequate development of animal production in this agricultural sector.

Ensuring of grazing, by the wiser distribution of the grazing resources belonging to people's councils and improvement of the productive capacity of pastureland are significant factors of the support from the state to increasing the livestock and production on private farms. The distribution of herbivorous animals on pastureland in the noncooperativized zone of agriculture is very different on the territory, the density of cattle and sheep herds of private farms on pastures which are privately owned or are used on a usufruct basis being in some counties several times larger than in other counties. In this context, transhumance stands out as an objective necessity. However, it must be better organized by the organs involved, in terms of the periods and locations of passage of herds along the routes specified in the contracts. For the purpose of extending the use of this centuries-old shepherding procedure, transhumance must proceed on the basis of long-term cooperation and reciprocity among mountain counties.

The dynamics of animal herds and the proportion of deliveries of farm products (specifically of livestock products) by private farms to the state fund will significantly improve as a result of the measures taken recently, to which, however, must be added the better differentiation of the level of marketing prices, in light

of the difficulty of working conditions and the high degree of naturalness of products, resulting from the development mainly of biological, scantly chemicalized farming. At the level of higher prices at which these products could be sold to consumers, one could meet the required addition to the current marketing prices, the ratio between production costs and contracting and procurement prices becoming stimulative. The development of private farms in terms of increasing animal herds and production will have very favorable results in the process of self-supply and especially in supplementing with livestock products the state fund, presenting important benefits for both private farms and by and large for society.

11710
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# GLIGOROV DISCUSSES ECONOMIC-POLITICAL PROBLEMS

Belgrade KOMUNIST in Serbo-Croation 18, 28 Dec 81

[The text of the introductory presentation by Kiro Gligorov, member of the LCY Central Committee, at the 3 December session of the Commission for Preparing the Resolution for the 12th LCY Congress; headings and subheads provided by the newspaper editorial board]

[18 Dec 81 pp 12-14]

[Text] Some Problems of Socioeconomic Stabilization

We have seen a decade of major changes in the development of the socioeconomic and political system of Yugoslavia, based on socialist self-management relationships. The basis of these changes was contained in the amendments to the Yugoslav constitution in 1971, in the new constitution of 1974 and in the Law on Associated Labor, as well as in the resolutions of the 10th and 11th LCY congresses. The implementation of the decisions contained in those documents will require decades, and it is not without reason that it is said that the struggle to accomplish those tasks will fill an entire epoch.

Naturally, that does not reduce the LCY's obligation to make a thorough, critical analysis of the results and trends observed in 10 years of development, and particularly during the time between the 11th and 12th LCY congresses. This is even more the case since the accepted strategy for the development of socioeconomic and sociopolitical relationships can be implemented only by the timely identification and careful study of the contradictions and the ideological and other problems that crop up unavoidably in social practice. Since it is difficult to imagine a successful social product based on the automatic and autonomous functioning of the system, the basic task in preparing for the 12th LCY Congress is to study the practice, role and activity of the LCY in implementing progressive changes in social relationships, as well as to evaluate the effects of policy in realizing strategic aims during this period.

The most general conclusion that emerges from the broad consultations that have taken place in preparing the part of the Resolution on Socioeconomic Relationships and Material Development is that, in the period between the two congresses, socioeconomic development has been strongly influenced by state-property, technobureaucratic and group-property considerations and practical behavior; these factors have also had their impact on developmental and general economic

policy. This is not only a matter of sporadic, spontaneous manifestations which are objectively dependent on the overall Yugoslav level of material development, the level of conscientiousness and the functioning of remnants of the old system. Rather, it is primarily a matter of the firmly established position and strength of significant social and economic factors whose resistance is revealed in the slow transformation of existing statist relationships, in the strengthening of the tie between statist and technocratic elements and their role in making social decisions. The third congress of self-management leaders explicitly pointed out that factor as a hindrance to the development of self-management.

Strengthening the Tie Between State and Bureaucratic Elements in Carrying Out Social Decisions

No progress has been registered in worker determination of income. Decisions on the use of labor surpluses, accumulation, investments and expansion of capital reproduction in general are still largely made outside the associated labor system, or else the latter has only a formal role in them. The influence of the workers has failed to grow markedly in determining the portion of income to be used in free labor exchange, or the portion intended for general social consumption and other uses that are decided upon in the delegate system.

On the contrary, the influence of the sociopolitical communities, or their executive agencies, of banks, commercial agencies of organizations of associated labor and various other intermediaries has been predominant. There is frequently a factual, if not formal, usurpation of self-management rights (for example, in investment decisions). There has been an expansion of the role of the indicated agents outside the framework of constitutional rights and responsibilities. Not even the LCY and its agencies are beyond this sort of ties, despite the frequently repeated declarations and conclusions of leading agencies in the federation, the republics and provinces. Yet the LCY is expected to wage uncompromising battle against such tendencies.

The consequence of such behavior is the strengthening of trends toward central government, administrative regulation of social relationships and the material flow of the economy at the expense of self-management decisionmaking and self-management planning, with a clearly expressed subjectivism and voluntarism. These factors have certainly contributed to the preservation of old relationships, and in some places to their entrenchment, and this in turn has choked off and retarded the development of self-management. All of these things are justified by reference to the difficult economic situation and the impossibility of achieving agreements and contracts, while the solution is sought in the strengthening of intervention by sociopolitical establishments at all levels.

Under the strong influence of these tendencies, the last two 5-year plans were approved on the basis of a multitude of goals that could not be attained, while the changes that had taken place in the surrounding economic world were disregarded.

It was as if the world economic crisis had nothing to do with us in Yugoslavia. For several years, and particularly between 1973 and 1979, despite great economic difficulties Yugoslavia registered dynamic development, and everything achieved was attributed to the advantages of our system. Invaluable time for drawing

meaningful conclusions was lost, first, concerning economic events in the world, the necessity of a serious reevaluation of our energy and general developmental policy and exports, and second, concerning the future development of our society and the need for its fundamental restructuring on the basis of the 1974 constitution, in order to avoid stagnation in the development of self-management.

The determinations and basis directions given to the further development of self-management were not accompanied by adequate changes in the position of associated labor, either in material or social terms. Without denying the need for a gradual introduction of those changes, we must point out the fact that social practice did not follow those determinations. During this period, the centralized regulation of economic and social relationships grew, not only at the federation level with its administrative involvement in the society's economic life, but also in identical tendencies of interference by republics, provinces and opstinas.

The Delegate System Has Dissolved in the Practice of Paragovernmental Agencies

Finally, several new forms of self-management organization, such as self-management interest communities involved in both production and social activities, have taken on a paragovernmental character both in terms of their manner of organization, operations and decisionmaking, and in terms of their formation of a strong administrative apparatus, which in many ways has adopted the methods of state agencies in operations. A similar fate met the economic chambers at all levels, so that they were transformed into auxiliary governmental agencies.

In such a social ambience, not even the delegate system could separate itself from the methods and content of operations and decisionmaking used by representative agencies. The unavoidable final result of all these developments was the growth of administration and administrating, to levels previously unknown here, ranging from organizations of associated labor all the way to the federation. A number of intermediary institutions also emerged.

Finally, nearly half the organizations of associated labor and the workers in them lack the opportunity to expand their production, or have only minimal possibilities to do so. Since the calculated amortization figures are unrealistically low, in most cases simply maintaining capital reproduction is threatened. Under such conditions, even the worker is not sufficiently motivated to tie his fate to his organization of associated labor, or to see his future prospects in it. The organizations of associated labor are more frequently turning to the state to seek solutions to their problems there, including price increases, excessive investments and the covering of losses. That is the final consequence of the retardation of self-management and the strengthening of the technocratic and statist monopoly.

The above is only a crude sketch of certain significant manifestations in Yugoslav society and self-management; for the moment it ignores the numerous results in material development and in the development of self-management in the past decade, which have occurred primarily due to the formation of basic organizations of associated labor and the workers' approach to opportunities for direct self-management involvement and association. This sketch was made with the purpose of presenting in clear relief those factors that have impeded the development

of self-management on the basis of the constitution and the Law on Associated Labor. The balance sheet of results and problems can easily be drawn, presenting a more comprehensive evaluation, if we were to identify those manifestations that are continuing to hamper the further development of self-management. Without that balance, there can be no solution to our economic difficulties, or clear social and economic perspectives.

The Developmental Strategy Is Good, but Its Implementation Is Not

If we agree that this evaluation is basically accurate, we will have to ask how such a situation developed. When and where did we err; were the mistakes in the basic LCY determinations, in ideological meanderings, in inadequate actions by subjective forces, or do we just want, impatiently, to change the status that has been developed outside the realistic context of power relationships and the given material potential?

There are no theoretical or empirical proofs that we made mistakes in the basic self-management system. Therefore, even though we encounter the opinions of individuals who assert that the self-management system is to blame for our difficulties, it is very typical that these critics do not offer alternatives that could provide answers to current problems and for future trends in the society from the point of view of continuing development of self-management.

The Yugoslav community has prepared a developmental strategy for socioeconomic and political relationships. That strategy is contained primarily in the 1974 constitution and the Law on Associated Labor. Great importance was given, however, to individual systemic laws, which had the task of preparing the developmental strategy for socioeconomic and political relationships. These usually include laws on planning, prices, the monetary and credit systems, banks and the foreign exchange system. All of these laws have unquestionable significance, but by the very fact that their purpose was to work out the basic concepts contained in the constitution and the Law on Associated Labor, they cannot be raised to the level of the constitution, and they must be constantly subjected to the test of practice. That does not, however, mean that they should be changed without fundamental and serious cause.

Requests to change laws, which in reality indicate changes in certain bases of the socioeconomic system, are one thing; the need to adapt them and change them to suit actual operating circumstances, in accordance with practice and living experience, is something entirely different. A rigid attitude in that regard would either confuse or discourage active social elements from making a timely impact on the overcoming of certain weaknesses that have been revealed. In the contrary case, we would only be tying our own hands, dogmatizing social thinking and ignoring the results of practical experience.

It is my conviction, however, that the problem is not in the laws, or in certain of their provisions. If only that was in question, probably the task of identifying our problems and changing the existing, unsatisfactory situation would be much simpler.

The constitution and laws are only legal (institutional) presuppositions to the functioning of social elements and individuals. Without adequate policies and

resources for implementing them that are appropriate for the nature of Yugoslav society, even the best conceived system would have to reach a point of crisis, first of all in the economy, and then with political repercussions.

Administrative Measures Are Insufficient to Return Overflowing Economic Currents into the Channel of more Stable Flow

Without giving a precise quote, it is worth noting that Kardelj warned seriously that our system, despite its progressiveness, cannot be implemented all by itself, without an adequate economic policy and social action that is backed firmly by organized subjective forces.

Yet our plans and policies, primarily the economic ones, contained large portions of voluntarism, such as too many priorities and goals with unrealistic, overly optimistic temporal and quantitative dimensions, underestimation of the impact of foreign factors (such as the oil crisis and sharpened competitive conditions). They leaned too heavily on supplementary foreign funds and on currency issue at home as an inexhaustible source to cover inflated consumption, particularly in the domain of investments but also in other areas of public consumption. The logical consequence of such a social climate was an orientation toward the comfortable life above our capabilities.

In the meantime, the dynamics of growth began to decline, while instability increased. Then the consciousness grew that it was necessary to intervene, and to return the overflowing currents of the economy into the channel to achieve more peaceful and, especially, more stable trends. The resources used for this purpose bore the mark of state property; administrative intervention suited the relationships of forces in the society and the tendencies that had developed to solve problems using state resources in the same ways in opstinas, republics, provinces and the federation. Meanwhile, the policy remained essentially the same. That slow realization that the policy must be changed was contained in part in the current five-year plan, which should be in effect from the 12th to the 13th Congress. For that reason, the agenda of the Commission of Stabilization of federal social councils contains a proposal for narrowing the priorities of the current five-year plan, because that need cannot be postponed.

The use of adminstrative measures is justified by the poorly developed system, the slowness of reaching agreements and contracts and the seriousness of the situation, all of which cause resorting to various measures under duress. All of these factors are present to an extent, but basically the fact remains that neither policy nor the resources for implementing it have been adapted to the actual situation and the character of our basic production relationships.

Even though all social elements appealed, and still appeal, to the workers, under the given circumstances of the workers and of associated labor, it was impossible to expect that the workers, borne by the true prospects of changing their economic and social position, would utilize their inexhaustible energy to change the existing status of the economy and other social circumstances. By their nature, administrative measures counted primarily on the action of agencies in republics, provinces and opstinas, while counting least on the basic economic elements and their interests. Thus the large investment projects were continued, while other than personal income, consumption remain inflated.

Naturally, under these conditions, and without proper measures to change the status of associated labor, no results could be expected. Members of the LCY and other working people retained the conviction that we had not yet found the true causes of the problems, that no efforts were being made to hack at the centralist roots and that the basic economic elements, the basic subjects, were still being treated like the objects of economic policy. That led to the disintegration of economic policy, which its main subjects, the opstinas, republics and provinces, or their executive agencies, began to interpret and implement depending on how they estimated the economic situation, and whether their own interests, particularly in relation to major investment projects, would be affected. Yet it is well known that, up until about a year ago, the economic situation was seen and understood differently. Concerning investments, for example, more serious measures were undertaken only this year.

Another fundamental problem is found in the increasing ideology that is affecting some institutions in our system, in their interpretation along lines that favor subjectivistic attitudes toward economic and social problems. For example, the institution of seeking agreements and contracts is regarded by many to be a means and a direct opportunity to free themselves, not only from certain imperfections of the market, but from the market itself. The market is increasingly treated as a holdover from the past, a necessary evil that could be eliminated almost immediately, if only people would realize that this result could be obtained by the abundant, nearly exclusive utilization of the institution of seeking agreements and contracts. According to these views, prices could be established on the basis of agreement, regardless of domestic and foreign market factors. In a word, that which is a long-term historical process is often, in practice, interpreted as an accomplished fact, if only the subjects would adhere to the Law on Associated Labor. In this attitude, the Law on Associated Labor is often interpreted in isolation, without reference to an actual social context.

On the other hand, every attempt to point out the need to respect the market and economic principles has been attacked ideologically and proclaimed to be a laissez-faire orientation, and a request for markets such as no longer exist, even in capitalist countries. On the contrary, they plead for something that is indisputable, and speak of the need for organized markets, but they interpret this in various ways. On the one hand, they refer to a market in which associated labor will make agreements on everything, so that in fact markets will no longer exist; on the other hand, they say that an organized market actually does not mean its factual negation, but rather the conscientious treatment of the basic organization of associated labor, as the self-management producer of goods which by itself, or in association with others in the market, along with all measures of the system and of policy, should provide for planned development, which would respect objective economic principles, including economic responsibility for the results of labor and economic operations.

These are not questions of doctrine having no practical meaning for LCY actions. On the contrary. The consequences of these disputes are very sensitive, and in them should be sought part of the answer to the question as to how this situation came to be. Actually, when some principle is regarded to be always in effect, then subjective assessments are unavoidable concerning its validity both today

and in the period that is immediately before us. This fact contains the danger of an ideological overestimation of the transformation of social currents, with corresponding consequences, which in turn lead to a very favorable situation for a willful policy conception and apparently very radical view of the evolution of social relationships, essentially outside of objective, material limits. This in turn leads to an insufficient distinction between the desired and possible factor and reality. That sort of indoctrination is welcome to many elements whose desires and needs, intuitions and plans, came before realistic material possibilities for their realization. Such factors include attitudes toward real income, toward GNP and toward foreign indebtedness.

Thus, we can reach agreements and make contracts about everything and, as the jargon has it, prepare "financial constructions." And it is truly a matter of "constructions" which do not rest on any realistic foundations. Whether that foundation is realistic, however, cannot be tested if it is possible to live, and even to invest, without a known income that has been tested in the marketplace, if foreign debts can be transferred to some imaginary federation, if losses are automatically covered by funds expropriated by sociopolitical communities, or, in the extreme instance, by agreement of everyone, or by currency issue and the like.

Under Yugoslav conditions, this attitude toward the market has caused the most harm to the very institution of seeking agreements and making contracts. For this reason, many today minimize the institution's value to us, but in my opinion, the correct conclusion would be that it is one of the most important institutions here, which will gain increasing significance if we can clarify our attitudes toward the market and toward economic principles.

Autarchy Is Not Inherent to Either Basic Organizations of Associated Labor or to Self-Management

We can find similar conclusions on the need to change certain important parts of the system in the criticism of "atomization," as it is pejoratively labeled, the division of the entire society into organizations of associated labor, which does not rest on criticism of the conditions in which organizations of associated labor work, of the economic policy and ideological concepts that make it possible for an organization of associated labor to survive without really associating. The complex of socioeconomic conditions for economic operations must guide the organization of associated labor into associating, so that objectively, it cannot survive without being further associated into the most varied forms of association. Yet in order for organizations of associated labor to make further associations, conviction of the need to do so is not enough. There must also be economic and social need, a real likelihood that the associated organizations will achieve higher income and develop more quickly than those that remain independent, and that the worker in them will live better and attain greater satisfaction both economically and socially.

Here we should mention the LCY Program, which states that economic principles and the market are not obstacles, but essential presuppositions to the successful department of self-management. Naturally, we should not set out to prove that it is a matter of principles of production under circumstances of public ownership and socialist self-management, i.e., they are not outside of time and

independent of basic production relationships. Rather, we are speaking of principles that cannot be ignored without penalty. If such things occur 23 years after the approval of the LCY Program, then their causes should be sought in deeply rooted state-ownership and group-property consciousness, which strongly supports the central bureaucratic and technocratic elements in society that are bothered by every principle, since principles tie their hands and prevent subjective behavior. Those who have such attitudes always believe that they can do much more than they really can objectively achieve. Thus, it is the simplest matter to declare objective principles to be requisites of the past and to try to replace them in practice by strengthening state elements.

Such conceptions and orientations suit the autarchic behavior and the closing off of the Yugoslav economy that has occurred, the conservative attitude toward the surrounding domestic and foreign environment. It is the logical consequence of the conviction that it is possible to operate economically, earn and distribute income and develop, without respecting market principles. This is the beginning of autarchy in the basic organization of associated labor, but it is not inherent only to that level, or to self-management; rather, it is the fruit of social and economic circumstances and potential that it only uses for its benefit.

The same thing happens with an opstina, a republic or province which surrounds itself with its own interests, conceives and approves its plans independently of others, and makes use of every opportunity to realize its own republic or national interests independent of others, or in compromises with others. That is so attractive that no individual community has been able to eliminate it, although everyone knows what autarchy is, how long it can last and what its price will be. Not only individuals and organizations of associated labor, but also sociopolitical communities behave however they can under the given conditions. The LCY cannot, however, be only the interpreter of these manifestations; rather, it must be an active fighter for changing the conditions that make this sort of consciousness and behavior possible.

The Logic of Internalizing Many Basically Negative Manifestations

By following a logic of internalization, we can understand the decline of the export share of total earned income, the decline of Yugoslav exports in world exports, the balance of payments deficit and the indebtedness level that exceeds credit-return capacity. We also understand the indifference toward exporting, and thus the need for drastic measures to force economic subjects to export their products. The roots of such a situation in organizations of associated labor and in all other economic elements can be found in autarchy. That is how certain ideological deviations, in a society such as ours, which with self-management is open by definition and by nature, can be led into the throes of autarchy, to extremely restrictive measures in dealings with foreign countries, etc. The price is very high, it is not only economic and related to domestic policy, but also affects Yugoslavia's international position, encroaches upon our independence and throws a shadow on our system.

I would make the following points to conclude the first part of my remarks:

1. Our first task is to eliminate the causes of stagnation and give a strong boost to the continuing development of self-management on the basis of the

constitution and the Law on Associated Labor. Without that, there is no real basis for a stabilization program and for the proper role of the working class in its realization. The changes that must be made in that connection are not small; they relate to the strengthening of the material and social positions of the working class and of self-management.

2. It is essential that we bring the state back into the limits and functions established by the constitution. Wherever changes have occurred in functions between self-management and the state, we should put relations back in their former places. In implementing such changes, there is room for the strengthening of those governmental functions that it has not successfully performed, particularly regarding control and the protection of self-management, control of legislation and the maintenance of labor principles. When I speak of the state, I do not refer only to the federation, the republics and provinces, but also the opstinas.

In these matters, the self-management character and not just the governmental nature of all sociopolitical communities must be brought to the fore, and in many ways this depends on the role and level of association of associated labor in the process of capital reproduction and in the framework of the delegate system and its impact on making social decisions.

3. In order to reduce the power of the executive agencies of sociopolitical communities to their proper magnitude (and this relates as well to the operating agencies of organizations of associated labor, banks and similar institutions), the delegate system must make the next major step forward to become the locus for making decisions regarding all questions that associated labor does not resolve in its internal deliberations. The orientation of executive agencies, as well as of social councils and other auxiliary bodies of assemblies, along with a changed position for associated labor in them, is an essential presupposition for the affirmation of the delegate system. As a rule, the activities of the republics and provinces in the federation should take place in assemblies and before the public. That also holds for making agreements at the level of republics, provinces and opstinas as well.

Negotiations as a Dialogue Between Representatives of National States Without the Participation of Associated Labor Lead to Bureaucratism

Pluralism and the exhibition of individual interests occur, but there can also be the consideration of one's interest in harmony with the optimal realization of common interests. Such an approach would make us capable of effective negotiating and agreement. Thus it is essential that, in all phases of negotiations by sociopolitical communities, no matter what the level, we should always provide for the presence and preservation of the interests of associated labor, so that negotiations do not turn into simply a dialogue between representatives of the government or its top agencies.

The LCY must oppose negotiations that carry the stamp of state-property relationships of the negotiators toward national income and labor's product and it must oppose the clothing of such pretensions in national interests and the resulting internal conflict. We must resist attempts to make ideology out of individual interests and to connect them to the fate of self-management, to achieve

particular decisions in it, etc. Therefore, respect for the sovereignty and governmental integrity of the republics and the autonomy of the provinces must be basic presuppositions to the equality of nations and national groups. Increasingly, the principles of self-management must be introduced as the content of the system, with associated labor having growing influence.

Only in that way can we prevent a process that would create six or eight autonomous economies in Yugoslavia, a process that the LCY must regard as retrogressive, artificial, one that would cost us dearly and which is contrary to the interests of the working class. If we succeed in preventing it, we will eliminate one of the deepest sources of nationalism and cut off the roots of bureaucracy and technocracy. That can be achieved primarily by a major thrust forward in the development of self-management.

4. The LCY has enormous tasks to accomplish regarding ideology. If we maintain the state-property consciousness, the technobureaucratic monopoly and the acquisitive group-property attitude, nothing will be able to save us from this extremely unfavorable economic situation, not even the best-conceived program of economic and social measures. A predominant reliance on governmental measures and administration suits technocratic structures and the state-property mentality, for that is the basis of their strength, just as the association of labor and resources and the integration of organizations into the broadest possible associations is foreign to them.

Neither the former nor the latter can stand the operation of the market and of economic principles, for they limit their power and make their arbitration superfluous.

The LCY must resist the underestimation of the functioning of economic principles and the laws of the marketplace under circumstances of socialist production of goods, for that orientation burdens the development of self-management and strengthens other tendencies in society. The market is not a copy of foreign markets, but rather is a market of self-management producers of goods, which the latter should control using their economic power, the might of science and planning. Everything outside that scope is either an idealization of social relationships or (consciously or unconsciously) the encouragement of uncontrolled elements, the strengthening of governmental and technocratic power, belief in the automatization of the system's functioning and in a willful economic policy.

There Can Be No Solution to the Largest Problems Without Economic and Political Unity

5. Economic, social and other elements of our policy cannot in their goals and methods for implementation be essentially different from the nature of the production relationship, the character of self-management relationships and the economic system in which they are produced. That contradiction, which today seems so obvious, has affected and is affecting the stagnation in self-management and the shift in the center of power. Bringing these two components into harmony is the urgent task of all creative forces in society. A significant part of that job has been done by previous work on systemic laws, but obviously that is not enough, for some segments of the economic system are not functioning properly. Planning is being done largely in the old way and the monetary and credit system

must be changed. The Law on Prices is practically suspended, while the situations concerning the foreign-exchange mechanism that is now being applied and economic relations with foreign countries are such that they bring into question the continued functioning of the national currency as the basis of a unified Yugoslav marketplace. Debate continues on a system for expanding capital reproduction and the differences of opinion are great.

Thus goals and the means for attaining them must be brought into harmony with the basic production relationships as predetermined elements of the process. The divergence and ambiguities found cannot be allowed to exist, and deviations must be either transitional or of a limited nature, when they are caused by extreme need and the difficulties of adapting. In that sense, what we have called a program for economic stabilization should contain a program for the further development of self-management and economic and social development on stable foundations. An economic program cannot, however, be the complete answer to the present needs of our society. Solutions for inflation, structural disturbances, overexpansion and overindebtedness cannot be found without economic and political unity in which the integrative factor would be the free association of labor in a unified Yugoslav marketplace. The questions in dispute should be addressed from these positions.

New Challenges to the League of Communists and Its Every Member

6. Both before and after the congress, the LCY should devote itself to clearing up ideological differences and eliminating them in order to strengthen the ideological and political strength of the LCY and its unity in the struggle to change the power relationships in our society in favor of the working class, associated labor and self-management and to crush and cut off the roots of technobureaucracy and the state-property monopoly. The key determination in this course of action is that the worker should be totally in control of income, directly, through the free exchange of labor and in the delegate system. That can only be achieved by the much greater presence of the LCY in the basic units of society and in the delegate system, in which it should fight for its strategic and other positions. In this it must avoid the danger of becoming one with governmental agencies. The LCY dare not stand uncritically behind all measures of practical politics and accept or share the responsibility for them.

The tested readiness and capability of communists to join together and make their contribution to this course of action should be the basic criterion for selecting personnel for party tasks and all other duties, even the least important. Indecision, vacillation in approving decisions and compromises in the realization of the stabilization program and the overall LCY program, under the circumstances posed by the accumulated difficulties and tensions in society, can have unimaginable consequences.

[28 Dec 81, pp 12-13]

[Text] I will now refer to several other problems that have been topics of debate, without delving into them in great detail.

The Means of Production Are not "Ali Bey's Straw"

1. Every social system must base its analysis of its status and eventual changes primarily on an evaluationoof the economic and social position of its basic subject. In our system, that is the worker in associated labor, with the inalienable rights guaranteed to him by the constitution, and the basic organization of associated labor, as the economic and legal unit, the self-management producer of goods. In principles, the organization of associated labor cannot exist without being associated, first in a labor organization and then into all the other associations in which it can realize some of its interests.

Here in Yugoslavia, we usually consider that the organization of associated labor is an association of labor or of workers. The means of labor and resources in general as one of the essential conditions for carrying out the productive capacity of labor, are mentioned in passing or not mentioned at all. Apparently, that is not perhaps an essential difference, but in the practice of developing self-management, the consequences can be very great. For some it seems that the means of production have become nothing but the crude tools of labor, with no value or price; they can be utilized without any clear obligation concerning the creation of income. Since by definition they are social property and as such they are everyone's and no one's, and considering Marx's assertion that labor creates value, the specific value of the means of production in the production process is underestimated; their role in creating value as a means for increasing the productive power of labor is neglected.

Our organization of associated labor, as a producer of goods, is a producer of value that utilized social resources, with obligations to reproduce these resources and with their income to increase the resources needed for expanding production. Without mastering this process and producing added value by their labor, the future of the organization is uncertain. Precisely the association of labor and the means of production as a unified process enables the associated worker to be different from every other form of association, whether it be political, cultural or social. It is the basis of the worker's social position and his right to the fruits of his labor.

Without going deeper into these problems, we can find a significant part of the causes for an inadequate attitude toward social capital, careless use of accumulated resources and investment without responsibility, particularly outside organizations of associated labor, in the insufficient differentiation between the factors cited above. It is as if these resources did not have their own values, prices and everything that stems from those concepts. The fact that they are owned by the society should only increase the obligation to preserve their inherent value, to reproduce that value and to handle them in a rational way. In this we can also find part of the folly in underestimating the functioning of economic principles. Without the right attitude toward production, the worker cannot handle income properly. Someone beyond him will always find a way to expropriate income in the name of social ownership of resources, or to force the worker to accumulate resources while his obligations toward society are determined administratively by someone else.

The Basic Organization of Associated Labor Cannot Remain Outside of Associations

2. Since the Law on Associated Labor was adopted and particularly in recent times, the basic organization of associated labor has been criticized as the cause for the atomization of society, the creation of an enormous number of units without regard to size, whose fragmentation renders concentration and organization of large, rational production impossible. It is said that this type of organization of associated labor does not suit the needs for operational economy and conservation of resources and that it leads to internalization and squandering of income and social property on a group-property basis.

According to the constitution, our organization of associated labor should be an economic and technical unit that facilitates the direct self-management of the workers, and in that regard we cannot replace it with anything. At the same time, there is the hypothesis that, except in exceptional circumstances, the organization of associated labor cannot exist outside a labor organization, which has a special position among all forms of association. Directly or through a labor organization, it is necessary to imagine a multitude of various levels of ties by which the basic organization is associated with its partner organizations in an environment based on production ties and other needs. Therefore, there is no question of any sort of absolute value attributed to the organization of associated labor. Yet the critics make precisely that assumption and emphasize its closed nature and suboptimal economic character.

We, too, speak of the internalization of the organization of associated labor, about autarchic tendencies and their conservative nature, but not because that is in the nature of the organization, that there is a false conception of the basic organization of associated labor. Rather, it is because of the conditions in which they live and work, because they do not control income, they operate under inflationary conditions, they have no economic reasons for associating and they can exist without associating with other organizations, because operating conditions permit them to do so, etc. When they consider the importance and position of organizations of associated labor outside this realistic economic and social context, the critics make a crucial error. Therefore, that criticism should not deter us concerning the true meaning of our basic self-management and production unit. Rather, it should point even more clearly to the need for urgent changes of the conditions under which they work. Without that, one cannot explain why we see such internalization in labor organizations and more complex organizations, as well as in opstinas, regions, provinces and republics. The same phenomenon is present, with the same causes that should be eliminated.

Income Separated from Its Basic Source--Labor

3. It is essential that the formation and distribution of the social product and of national income be placed on realistic foundations. Without that, our discussions of economic trends, evaluation of the situation and, especially, the behavior of self-management workers will lack a sufficient basis and will err in many ways. Of the many problems in this area, I will cite only three:

a. Income calculations are not realistic. Because of underestimation of the value of social resources and low amortization, a larger income as a total and in every individual organization of associated labor was shown than actually

existed. Consequently, consumption is always higher, and its cumulative effect in the last decade had a fundamental impact by giving constant support to inflation. On that basis, many organizations showed an apparent profit, while actually they were operating with losses.

After so many administrative interventions in pricing, price relations or price distortions are more pronounced and the disturbances caused by them are greater than they were prior to 1965, when the price situation was one of the essential reasons for the economic reform. Today relationships between branches of the economy are affected by price decisions on three levels: the federation, republics and provinces and opstinas. Any sort of analysis of prices, meaning of the relationship between branches, or more precisely the relationships by which a self-management collective receives income, the relationships between workers, shows that in many ways those relationships are uneconomical. They have been formed by numerous interventions that frequently were purely chance incidents and were surely arbitrary and unjustified economically. Neither the criteria of income per worker and income based on resources, nor the criteria of world price trends balanced by prices, provide an economic justification for such a situation in primary distribution. Rather, they represent uncontrolled, elemental fluctuations on the one hand and pragmatic intervention policy from today to tomorrow on the other.

The meaning of this situation for stability in economic trends is clear, to say nothing of the development of self-management in particular. Thus, the LCY must demand the complete purging of this terrain without exception, so that we will be able to speak of the position of self-management on the basis of facts and economic categories. Today, it cannot be said with certainty that there is a certain amount of income; nor can amortization or simple capital reproduction be specified, or the degree to which these factors are fulfilling their functions be determined. Similarly, capital accumulation and its location cannot be determined. Today it is found even in production costs.

b. The distribution of national income and the income of each individual organization of associated labor does not reveal a situation that is any better. Transfer of income to accumulation and consumption is in large part arbitrary, particularly in today's circumstances which have seen real personal income fall for 3 straight years. Such a decline has not happened in Yugoslavia since the Informbureau period, and the same thing is happening to capital accumulation.

Numerous and unsynchronized interventions in income distribution have taken place on three different levels. They have occurred several times in a year, so that the collectives are uncertain about the amount of resources at their disposal and about the net effect of increased income that results from greater investments in the collective and from labor productivity increases. Yet increased prices are the basic source of the collective's income, while growth in production and productivity are supplemental factors. Last year and this year the nominal growth in income came over 90 percent from increased prices and less than 10 percent from all other causes. This has resulted in runaway growth in production costs.

One more factor should be noted concerning income distribution. The constitution provides that organizations of associated labor must set aside rent and extra income earned because of monopolies or competitive conditions and other factors,

so that the bulk of that income can be assigned to the capital accumulation of that organization. Despite that, this matter remains an open question to this day, under the excuse that there are no objective criteria for determining these categories or that they have not yet been defined. Naturally, that cannot be accepted as justification, for it is not a matter of establishing exact amounts for rent and extra income figures. Rather, possible criteria should be established, even if they are determined by conventional calculations. They will be corrected in practice, but only in this manner can we approach a proper income distribution based on labor and the results of economic operations. This situation results in inexplicable differences in personal income for the same quantity and quality of work in different branches and groups, a constant seeking of examples from one unit to another and support of inflation. Furthermore, the situation creates inequality and dissatisfaction within the working class.

The Dinar Is Ceasing To Be a Uniform Measure of Value

c. Any sort of formation and distribution of the social product presumes a uniform measure throughout the country, the dinar as the measure of value and price. In many ways, the dinar no longer serves that purpose because of the increasing circulation of foreign exchange as the means of payment in domestic commerce and because of sales agreements that call for partial payment in foreign money or required payments of certain amounts for investment. Depending on the territorial distribution of commercial partners and the like, prices can vary as well. In a word, the dinar no longer has the same meaning in all parts of the uniform Yugoslav market.

In that case, how can the results of economic activities be measured? How can we assure distribution on the basis of work performed, and how, which is the most essential point for this distribution, can we judge the results of self-management? When self-management is criticized and its shortcomings are presented, many have no notion about the conditions for its development that were created by the element of central governmental and willful alteration of economic categories and their functions and policies in various domains of economic life. With all that in mind, it can only be said that self-management can withstand a great deal and that it has a great ability to adapt.

We Must Prevent the Internalization and Erosion of the Uniform Yugoslav Market

4. As a result of the tendency toward internalization at various levels, economists and others in the LCY and the Yugoslav public are beginning to take positions either for or against national economies within Yugoslavia. That debate, which unavoidably is colored by various ideological views, is creating an uproar. Given the theme, it is bringing with it nationalist tensions that can only damage the society. Before the congress and at it, in the resolution, clear stands will have to be taken on this question that will reach to the bases of our governmental order. They will also have a marked impact on the conditions under which self-management will develop.

We can begin with the fact that our peoples and natonalities voluntarily opted for life together in the Yugoslav federation and that by the definition of the Yugoslav constitution and the constitutions of the republics and autonomous provinces, the peoples and nationalities in Yugoslavia have their own republics

as states, or in the case of Serbia, as a state and two autonomous provinces. Thus it is inherently obvious that these republics, and considering their broad autonomy, the provinces as well, have "their own economies." Some of them are called republic economies and others national economies, and naturally, these are not the same and are not without significance. Yet for the present debate and for what we want to bring out, these factors are not decisive. The fact is that the republics and provinces base their material foundations on their internal economies, or on the national income produced by their own workers.

More significant and more decisive than that for their nature are the conditions that bind them together, the manner in which they achieve their joint product, the Yugoslav GNP, that part of their social product that is produced on their own individual territory. For that, two fundamental constitutional provisions are of key significance. The first is that self-management is a uniform production relationship and, on that basis, the second refers to the uniform bases of the socioeconomic and sociopolitical system and the unified Yugoslav market. These are the basic features of the Yugoslav union of equal peoples and nationalities, republics that are sovereign states. If we ignore either the first or the second in the practice of our common life when reaching decisions and agreements, then we open the doors in our society and community to various other processes of governmental and self-management types. From these two aspects, then, we should analyze the present status and negative phenomena and seek answers for the advancement of self-management and common life in the federated community. From that point of view, there is a great deal to be changed.

In the first place, as I noted earlier, a proper measure is lacking for a uniform market and for income that would have equal value through Yugoslavia. There is no national currency that fulfills all functions, and therefore prices contain all these shortcomings within themselves.

Plans with numerous unrealistic goals, as well as economic policy and its instruments, support the growth of inflation and the earning of income that does not reflect only the contributions of the labor collective and its productivity, but also all the sources of income besides labor and those based on privilege as well. These things lie at the core of the present instability. In this situation, the market has only marginal significance as long as possibilities exist for incurring debts abroad, for that creates the opportunity for internalization, in a parallel way, both in individual organizations and regions and for autarchism as a general feature of the overall Yugoslav economy. On the other hand, until recently we displayed extreme liberalism in relations with foreign countries, with the uncontrolled and willful import of foreign technology and technical know-how, growing dependence on foreign countries and the increased involvement of foreign countries through complex dependency relationships (in technology, capital, production materials and exports, as well as in arbitration in the domestic economy, especially concerning the approval of decisions on development).

Parallel with these integrational processes of individual organizations with foreign firms came a decrease in interest for domestic ties and an increase in competition accompanied by internalization into individual organizations and within republics and regions. As these processes became more pronounced, the opstinas and republics became increasingly involved in developmental programs, with republic and province foreign-exchange balances and calculations as to what the

republic or province stood to gain or lose in these disturbed relationships and what devices and policies were most suitable to republic or national interests. The debate on "national economies" is a reflex of that situation.

The LCY dare not fall into that atmosphere and carry that debate from varying ideological positions into its own ranks and forums. Rather, it must demand a resolute elimination of all the causes, instruments and propositions of economic policy that lead to the destruction of the basic production relationship, to internalization and to the erosion of the uniform Yugoslav market.

We Dare not Ignore the Unemployment Problem with a Calm Conscience

5. I would like to say just a few words about employment, from the standpoint of the gravity of this problem, the situation of the unemployed and their relationship toward labor. The data show that 45 percent of the unemployed are under 25 years of age, 55 percent have skilled training and 65 percent are looking for work for the first time. We cannot ignore this problem with a clear conscience, for it is among the most severe and for part of the unemployed it represents a real tragedy. Here I am thinking of the young, educated people.

The LCY must come to grips with this problem and demand answers to it, including such approaches as a shorter work week and more rapid development of all activities that could increase employment, while using the technical capabilities of existing facilities. We must overcome a certain indifference in government and LCY agencies toward the gravity of this problem. Prospects must be opened and solutions found, not on the basis of some maximalist demand, but also not resting with the current status while resorting merely to slogans and references to the retail economy's potential as the solution, without corresponding stimulating measures.

Finally, increasing attention is given to the problem of the employed persons' "monopoly" in their jobs, even if they work poorly or fail to work at all, and to the practical impossibility of changing anything in these circumstances. Naturally, an interest in work and income and the ambition to create more for oneself and for society can be expected only if self-management can emerge from stagnation and if our overall policy can lead to more stable relationships in the economy. But even with optimal conditions for labor and self-management, there will continue to be a rather large number of people who will not contribute as much as is expected by their organization and by society. If, however, the point of departure is that the resources are public and that no one who fails to be a good steward has a right to them, and we have the situation where young people in the prime of working and creative capacities remain without jobs, then the question arises as to whether the labor collectives, under prescribed conditions (and not only if someone is guilty of a crime) can accept new workers from the ranks of the unemployed, while assuring full social security to those who are leaving organizations of associated labor. In that way, a process of circulating work would be opened that would correct the present indefensible status in which anyone who once received employment is guaranteed an income until he receives a pension, whether he works, works poorly or does not work at all.

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ECONOMIC RELATIONS WITH ALGERIA

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 29 Dec 81 p 3

[Article by V. Karakasevic: "A Stable Basis Is Achieved for 1982"]

[Text] The Socialist Federal Republic of Yugoslavia's total trade turnover with the developing countries, especially those in the Arab region, the Democratic and Popular Republic of Algeria has, and will play, an increasingly more important role in the future, according to a projection by the Section of the Economic Chamber of Yugoslavia for Economic Relations with Algeria. Of the total Yugoslav exports to Arab countries, Algeria accounted for 7.5 percent in 1980, and 9.8 percent this year, and the estimation for 1982 is 12.8 percent. Of the total Yugoslav exports to developing countries, Algeria will thus account for 6.3 percent.

As far as imports to Yugoslavia from the Arab region are concerned, Algeria accounted for 7.4 percent of the total in 1980; this year the figure will be 21.8 percent, and for 1982 the amount is estimated to be 14.3 percent, or 7.9 percent of the total imports from the developing countries.

In the total scope of economic relations, the exchange of goods plays a special role, and has developed with greater intensity from 1979 to the present. For the first 9 months of 1981, it amounted to $291.6 million, which is a 184.5 percent increase over the amount for the same period last year, and of this amount, Yugoslav exports increased by 42.5 percent to $92.3 million, and imports increased from $102.5 million to $199.3 million.

The structure of imports is composed of crude oil with a total of $197.9 million, iron ore with $550,000, and zinc with $600,000, while exports consist of automobiles, tractors, and spare parts totaling $49,816,000; clothing, fabric, and blankets make up $7,586,000; cables, conductors, and insulators $1,173,000; and paper $1,016,000. It is most important to mention that the total amount of Yugoslav exports for the 9-month period reached $92,314,000.

According to the 1982 plan of foreign exchange, the total exchange of goods with Algeria will reach $400 million, of which $160 million will be exports and $240 million will be imports. In an appraisal of exports for 1982, the Economic Section of the Chamber of Yugoslavia is of the opinion that a real chance exists to realize the volume of exchange, keeping in mind the transactions already signed as well as offers which Yugoslav organizations delivered in 1980 and 1981.

On the whole, commercial offers are concentrated in three areas: the export of automobiles (Zastava), tractors (IMT-Industrial Machines and Tractors), and caterpillar tractors (14 October factory); the export of kitchen appliances, washers, and dryers, and other household devices (Obod, Alfa-Vranje, Astra, Interexport); and the third, where exports can be significantly increased, is in marketing textile industry products and ready-made clothing.

According to signed agreements concerning investment collaboration, Algeria, after Iraq and Libya, was among the most important partners of our country from the developing countries in 1981, a fact which can be confirmed by a number of investment transactions signed by the representatives of Industrial Civil Engineering and Construction Export Association, the Ministry of Electric Power, Geosonda, the Business Association for Industrial Housing Construction, Rudis, Hidrotehnika, and others.

In addition, two textile plants, a leather factory, a fruit juice factory, and a lead and zinc mine constructed earlier, and our organizations have concluded or are in the process of concluding various investment transactions of over $677 million.

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TRADE WITH PAKISTAN DISCUSSED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 30 Dec 81 p 6

[Article by Z. Cicmirko: "The Volume of Exchange Lags the Real Potentials"]

[Text] Yugoslavia's economic relations with Pakistan have waned considerably in the last several years, and have fallen behind the real possibilities of both partners. The expectations that mutual economic collaboration would increase were not realized this year.

For years Pakistan has had a large trade deficit with our country, and this trend was also continued this year. The total exchange of goods for the period between January and November (1981) amounted to $18 million; of this exports consisted of $16.5 million and imports $1.5 million. Compared to the same period last year, exports increased by 49 percent and imports decreased by 63 percent. Thus, Pakistan is the only country in this part of the world with whom Yugoslavia has a positive trade balance [sic]. However, this exchange relationship hinders a more intensive and diverse development of economic cooperation between the two countries.

The structure of trade goods also does not live up to expectations; In 1981 imports consisted of leather, rugs, sports equipment, electric heaters, construction materials, and microscopes. Absent to a large extent were the traditional Pakistan imported products such as cotton, rice and molasses. Among the exports, the main item was tractors built by Industrial Machines and Tractors ($6.2 million), then medicinal preparations and prescription drugs $3.6 million), artificial wool-fiber, transformers, condensers, bars, aluminum wire, copper pipe, electronic materials, and refrigerators.

Investment collaboration with Pakistan was sufficiently well developed up to 1971. However, it has now stagnated. Of the investment projects proposed, which were established by Protocol in the Third Session of the Yugoslav-Pakistan Committee for Economic, Scientific, Technical, Cultural, and Educational Collaboration, the only one approved and signed up to now is a contract concerning the construction of a tractor factory in Lahore, on the basis of a joint investment of Industrial Machines and Tractors of Novi Belgrade and the Pakistan partner and a co-financer from the United Arab Emirates.

Pakistan will receive significant foreign assistance for the fiscal year 1982/1983. A consortium of world banks for assistance to Pakistan has already approved approximately $1 billion, and help is expected from Saudi Arabia, the OPEC countries, the Asian Bank for Development, and from bilateral arrangements. Foreseen in the development plan for next year are investments totaling $2.6 billion, which in comparison with 1981 is an increase of 22 percent.

Among the most important projects underway is the exploitation and flotation copper mine Saidak, a joint venture of the Mining and Smelting Bor and Jugometal. For this transaction to succeed it is necessary to provide for the following conditions; that it enter its final phase next year, and that the Yugoslav Bank for International Economic Cooperation play a significant role in it.

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